



EMALAHLENI

MUNICIPALITY

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

2016/2017 TO 2018/2019

ANNUAL BUDGET OF
EMALAHLENI
MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Programme
CRRF	Capital Replacement Reserve Fund	MM	Municipal Infrastructure Grant
DoRA	Division of Revenue Act	MPRA	Municipal Manager
EDTA	Economic Development Tourism and Agriculture	MSA	Municipal Properties Rates Act
FBS	Free basic services	MTEF	Municipal Systems Act
GDP	Gross domestic product		Medium-term Expenditure Framework
GFS	Government Financial Statistics	MTREF	Medium-term Revenue and Expenditure Framework
GRAP	General Recognised Accounting Practice	NERSA	National Electricity Regulator South Africa
HR	Human Resources		
IDP	Integrated Development Strategy	OHS	Occupational Health and Safety
IDHS	Infrastructure Development and Housing Services	OP	Operational Plan
IT	Information Technology	PBO	Public Benefit Organisations
KPA	Key Performance Area	PMS	Performance Management System
KPI	Key Performance Indicator	PPE	Property Plant and Equipment
kWh	kilowatt	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
mSCOA	municipal Standard Chart of Accounts		

Part 1 – Annual Budget

1.1 Mayor's Report

I am honoured and very humbled to table this Medium Term Revenue and Expenditure Framework for the 2016/17 to 2018/19 period as we are on the fifth year of the current administration.

We are on a journey that started way back in 2011.

In the last four years we have managed to change the lives of the people of Emalahleni in many respects. This we achieved through partnership with our communities, civic organisations, sector departments, non-governmental organisations, media houses, Council structures and management (**Social cohesion**).

We were elected into office at the crucial time, as it was almost ten years after the establishment of local government as sphere in terms of chapter seven of the Constitution 1996 (Act 108 of 1996). The expectations of the people were extremely high and we had to rise to the occasion and meet some of those expectations, it was not an easy ride.

The demarcation brought a new dimension that required a strategic leadership focus in terms of servicing those incorporated communities.

Indeed we have managed to move with speed in ensuring that people of this ward (ward 1) do not feel that they were included only in 2011, our plans in addressing their needs proved fruitful.

We were propelling the ship to move forward along with fellow Councillors who fall and passed on. It is sad to announce that we lost seasoned comrades and committed Councillors as listed below:

- ❖ Councillor Ntobeko Phendu;
- ❖ Councillor Mxathule;
- ❖ Councillor Mntunjani Mani;
- ❖ Councillor Zanele Makeleni; and
- ❖ Councillor Lindile Gwegwana (**May their souls rest in peace**).

Kwintsapho zabo sithi isizwe sawongeka kukuzalwa kwalamaqhawe, abila esoma esebenzela isizwe kuMbutho ubuwathumile sithi ibingamagorha ngokwenene asebenzele isizwe kwade kwangumzuzu wokugqibela. Ngamaxesha onke sohlala siwakhumbula ngemisebenzi Emihle ngexesha lethu lokukhokela. Mawalale Ngoxolo.

We are extremely pleased to account for what we have done thus far. As the servants of the people, mandated to carry forward service delivery, we have managed to make strides working together with the communities and stakeholders.

As Emalahleni Local Municipality driven by our motto, "Unity in Development", we have systems of public participation in place which makes it easy for us to interact and get views from people on service delivery plans that we have in place. We do that being mindful of the fact that communities

themselves know what they want, for us is to deliver on their needs as enshrined in the Integrated Development Plan.

With electricity we managed to electrify all 17 Wards and as such there are projects that are in progress as we speak to finalise new projects and complete in-fills and extensions. On this service delivery element we will achieve universal access to electricity with the Twenty One Million Rands (R21million) allocation by the Department of Energy.

We are a municipality at work and we have created our own path as well as destiny. The accolades we won at the District level as the Greenest Municipality and the third position on the Provincial level where we received a third price of a sum of Two Hundred Thousand (R200 000). The beautification and cleanliness of the three (3) towns bare testimony to this claim.

We have managed to turn around the situation on our spending and accountability thereof. We are acutely aware that the municipality was a “permanent member” of obtaining disclaimers for more than seven (years). However, we are proud to announce that, we have progressed positively because in 2013/2014 financial year the municipality achieved a Qualified Audit Opinion, and in the 2014/15 year the municipality has moved to obtain Unqualified Audit Opinion.

We have made tremendous strides and we will continue to work hard in order to sustain and nurture the achievements. We thank Cogta Eastern Cape, the collective, Council, management and the community of Emalahleni for the support given during turbulent times. Our achievements are not based on individual wisdom but are the premised on collective leadership and management.

Today, we are able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and budget linked and driven by the IDP and the local government key performance areas:

- ❖ Basic service delivery and infrastructure development;
- ❖ Financial viability and management;
- ❖ Local economic development;
- ❖ Municipal institutional development and transformation;
- ❖ Good governance and public participation; and
- ❖ Spatial Rationale (SPLUMA).

We as Councillors committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in Circulars 51- 59 and 66 of the Municipal Finance Management Act 2003 (Act 56 of 2003).

The collective leadership of the municipality is indeed committed to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising its political oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

As a municipality, we are grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve the financial viability. Hence one of the projects under financial viability is effective implementation of revenue enhancement strategy.

Indeed guided by the Freedom Charter the municipality supported education when it was experiencing some challenges of transporting learners to the summer incubation programme which was hosted in all the centres where grade 12 learners gathered.

At the beginning of 2016, the leadership visited all the Senior Secondary Schools where causative effects of the low pass rate was being discussed and mitigation strategies advanced to turn the situation around. The report by the Department of Social Development and Special Programmes give pointers to what needed to be done as the intervention in an attempt to support education. The teams that visited schools were comprised Department of Social Development, Education, Department of Correctional Services, Africare, HIV and AIDS and motivational speakers to talk on teenage pregnancy, substance and alcohol abuse, crime, HIV and AIDS and Sexually Transmitted Infections.

We hosted Khetha Manje (Choose a Career now) programme which was hosted by the Department of Higher Education and Training in three of Emalahleni high schools with the aim of motivating and exposing learners to the skills that are required by the market. Institutions of higher learning were also present with their stalls and the personnel to take through learners on a variety of career options and financial support available to learners. The programme proved to be a success, and we hope to reap the fruits of our hard work, when the Matric results are announced for 2016.

Lady Frere Sport Field is complete as the athletics track was installed and marked as well as the netball pitch in 2014, grass was planted, flood lights are installed and now the grand stands are finished as the last part of the project. The Sport-field is ready for the official opening and handover back to the municipality for utilization.

The honourable MEC for the Department of Roads, Transport Safety and Liaison, officially opened the traffic testing station in March 2016 to enhance law enforcement programme for safety and security in our area that now is becoming the beacon of hope for service delivery. The state of the art structure is finished the only thing that is left now is for the systems to be up and running. The honourable MEC made a commitment that the officials of the Department will make eNatis equipment and system available and also second warm bodies to manage the system.

We are happy to have come this far on service delivery and good governance, Indeed, Emalahleni is the employer of choice. The strides we have made are premised on the commitment and dedication senior management and officials.

The commitment and dedication we are talking about is testified by the grant funding of Three Million Rands (R 3 million) obtained from the Department of Roads and Public Works, through engagement and persuasion by management of their counterparts for the development of Cacadu Park. From the R 3 million grant allocation, the municipality is expected to spend Five Hundred Thousand Rands (R500 000) before 30 June 2016.

We are proud to have an Intergovernmental Relations Forum that is functional as it is the backbone for coordination of service delivery. The municipality is working together with sector departments to improve communication and prompt response to service delivery queries.

We are approaching the finishing line of a race that we started some five years ago, to be precise in 2011. We will indeed cross the white line with our heads up, and we are proud of our achievements and also acknowledge the challenges as well as shortcomings that we have encountered during the term of office. It is evident that, we have changed the lives of our communities through the implementation of the elements of the Freedom Charter.

The following are some of the projects as reflected above that the current Council have supported and implemented by the management:

- ❖ Solar lights pilot project in Indwe
- ❖ Paving in Cacadu, Dordrecht and Indwe
- ❖ Dipping tanks were constructed
- ❖ Construction of Multi-purpose Community Halls in Ward 17, 10, 3 and ward 5.
- ❖ Renovations on ward 11 Community Hall
- ❖ Completion of the traffic testing station
- ❖ Completion of the final phase of Lady Frere Stadium (Grand stand installation)
- ❖ Construction of the Council Chamber in Cacadu
- ❖ Electrification (extensions in Lower Vaalbank, Xushe and Qhugqwarhu)
- ❖ Street cleaning and beautification(1st position in the district as the greenest municipality and third position in the province)
- ❖ Dipping tank construction
- ❖ Park construction that is on the initial phase
- ❖ Renovation of Cacadu Town Hall
- ❖ Access roads construction
- ❖ Cementry construction in Lady Frere
- ❖ Support to SMME's i.e Sinako Youth Project in Dordrecht, Auto Star Styling Car Wash, Phambili bafazi brick making project and Lithalethu brick making project in Indwe.
- ❖ Support to the Emalahleni Fieldband Foundation
- ❖ Progress and improvement of the audit outcomes (Unqualified Audit Opinion in 2014/2015).

In the current financial year the municipality has managed to host the following programmes:

- ❖ Traditional leaders Imbizo in partnership with the Department of Corporative Governance and Traditional Affairs
- ❖ Transport and Safety Stakeholder engagement
- ❖ MEC for Transport Safety and Liaison on the official opening of traffic testing centre.
- ❖ Deputy Minister of Higher Education and Training visit to three senior secondary schools on Khetha Manje Choose a Career now programme
- ❖ Imbizo yolwaluko/community engagement on the initiation which was held in partnership with the Department of Corporative Governance and Traditional Affairs
- ❖ The provincial executive outreach which was held in Cacadu

Indeed 2016 has proved that we were men and women of high calibre as we have demonstrated sound leadership for the success of Emalahleni. Let us continue to work with communities and stakeholders.

INTEGRATED NATIONAL ELECTRICITY PROGRAMME (INEP)

Project Name: Electrification of Ngcuka, Bomeni, Sihlabeni, Jojweni, and Sihlabeni

2015/16 budget:	R 21 million
Planned Households:	844 households
Actual Households (after design):	610 households due to longer MV lines that was required
Progress to date:	371 households done but not energised
Expenditure to date:	R 16,913,351.64 (80%)
Number of people employed:	7

Challenges:

1. Late confirmation by Eskom on the villages that they were going to electrify, which led to Sihlabeni, Mmangweni and Ngcuka villages being removed from the municipality plan to Eskom. This caused significant delays as the municipality was at implementation stage and would take time to replace those taken village due to DoE processes.
2. There were couple of existing transformers that were overloaded and there needed to bring in new transformers.

OPERATIONS AND MAINTENANCE (O&M)

Budget (Streetlights and Network): R 4 million

1. Project Name: Repairs of Streetlights in Lady Frere (Zakhele Location)

Project Budget:	R 200 000.00
Progress to date:	Complete
Challenges:	None

2. Project Name: Repairs of Six (6) High mast lights in Dordrecht

Project Budget:	R 400,000.00
Progress to date	Contractor is currently on site. Three (3) are complete and now waiting for Eskom to energise the line

3. Project Name: Repairs of Streetlights in Indwe

Project Budget:	R 200,000.00
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Progress to date: Just procured service provider

Challenges: None to date

4. Project Name: Supply and Deliver of maintenance material

Project Budget: R 850,000.00

Progress to date: Material is being delivered by the Service Provider

Challenges: None

5. Project Name: Supply and Delivery of four (4) Transformers for Indwe and Dordrecht

Project Budget: R 200,000.00

Progress to date: Service Provider has been appointed, and the transformers are being manufactured and will be delivered before the end of the financial year

Challenges: None to date

PAVING PROJECTS (EPWP)

Lady Frere Paving:

Budget: R 1,000,000.00

Source of Funding: EPWPIG

Progress to date: 600 meters paved to date

Expenditure to date: R 1,000,000.00 (100%)

Labourers employed to date: 26 employees

Challenges:

The project is using municipal machinery and from time to time we experienced breakdowns which delayed the progress

Indwe Paving

Budget: R 1,500,000.00

Source of Funding: Equitable Share (ELM)

Progress to date: 300 meters paved, and 600 meters of kerbs have been laid

Expenditure to date: R 1,403,131 (93%)

Labourers employed to date: 15 employees

Challenges:

The project is using municipal machinery and from time to time we experienced breakdowns which delayed the progress. The storm water on the street that we are currently doing needed serious attention and therefore delayed the progress on the road

Dordrecht Paving

Budget: R 1,000,000.00

Source of Funding: CHDM Beautification Grant

Progress to date: 300 meters paved, and 600 meters of kerbs have been laid

Expenditure to date: R 842,129 (84%)

Labourers employed to date: 15 employees

Challenges:

The project is using municipal machinery and from time to time we experienced breakdowns which delayed the progress.

ROADS MAINTENANCE PROJECTS

Budget: R 4.3 million

Projects Implemented:

- 1. Gqeberya Village, Ward 6:** 3km of Roadbed preparation completed and construction still needs to be done
- 2. Zingqolweni Village, Ward 3:** 9km of gravel road completed with storm water still require some attention
- 3. Noluthando Village, Ward 5:** 3km of gravel road completed
- 4. Gadlume Village, ward 13:** 3km of road processing of gravel loads that were left standing on previous financial years. Gabion protection still required on the piped causeway
- 5. Blangwe Village, Ward 7:** 2.3km of roadbed under construction, and 600 meters of road has been processed. Storm water drainage still need to be done, and processing of the entire road.
- 6. Manyangaza Village, ward 6:** 4km of roadbed completed, 1.5km of road has been processed. Storm water crossings still to be done.

MUNICIPAL INFRASTRUCTURE GRANT (MIG)

Annual Allocation: R 32 226 000

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Expenditure to date: R 16,113,000 (50%)

Projects Implemented:

1. Construction of Traffic Station Phase 2 (100%)
2. Rehabilitation of Lady Frere Sports-field Phase 2 (99%)
3. Construction of Community Hall in Ward 3 (100%)
4. Construction of Community Hall in Ward 5 and 10
5. Construction of Ngcuka Access Road (30%)
6. Construction of Lady Frere Landfill Site (10%)
7. Construction of Lady Frere to Zakhele Access Road (50%)
8. Construction of Boqo to Marwayibeni Access Road (30%)

Challenges:

1. Community unrest that delayed the implementation of **Lady Frere Landfill Site Project**
2. Constant breakdown of municipal machinery which affected the **Construction of Ngcuka Access Road**
3. Delay in procurement of materials for **Construction of Ngcuka Access Road**
4. Under performance of the contractor working at **Lady Frere to Zakhele Access Road** due to capacity challenges and a turnaround plan has been agreed on by both parties.

TOWN PLANNING

Programmes:

Project Name: Street Naming at Indwe (Mavuya Township)

Budget: R 400,000

Project Name: Awareness Campaigns to be done on three towns:

Project Specifics: Awareness on the following:

1. Town Planning
2. Human Settlement
3. Building
4. Health and Safety
5. Public Participation
6. SPLUMA

Progress to date:

Compilation of presentations completed, awaiting schedule dates for the actual campaigns

Asijiki Siyaqhuba

Budget figures

The budget we are tabling before Council today is a budget that is premised on the following facts and figures:

Tariff Increases

- ❖ The electricity increase of 7.64% is currently pending NERSA's approval, once approved by NERSA it will be tabled to Council at a Special Council Meeting to be held in June 2016.
- ❖ Solid waste services increase by 6% in line with CPIX
- ❖ All other services be increased by 6% in line with CPIX

By-laws and policies

Council has approved fifteen (15) by- laws which were promulgated and plans are afoot to implement same, and thirty (30) policies were reviewed and approved by this current Council.

INCOME AND EXPENDITURE

Operating budget

Total revenue:

R 189.312 million

Total expenditure:

R 189.299 million

Projected surplus:

R 13 279 thousand

The implication of this is to alert us to the need for strict budget implementation and control from 1st July 2016 financial year.

The budget is further allocated to votes as per table below (see table A4 pg.33 for detailed breakdown)

Expenditure by Vote/Directorate	Amount
Vote 1 - Executive and Council	31 700 886
Vote 2 - Corporate Services	18 276 803
Vote 3 - Budget and Treasury	31 384 256
Vote 4 - Economic Development, Tourism and Agriculture	5 629 987
Vote 5 - Community and Social Services	27 706 199
Vote 6 - Infrastructure and Human Settlement	74 600 518
TOTAL BUDGET	189 298 648

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

CAPITAL BUDGET (see table SA36 pg. 80 for detailed breakdown)

Grant funding:	Municipal Infrastructure Grant	R 30.170 million
	Dept of Roads and Public Works	R 2.500 million
Own funds:		R 8.800 million
Total capital expenditure:		R 41.470 million

I hereby table the Medium Term Revenue and Expenditure Framework for 2016/17 to 2018/19 Financial period for adoption by the Emalahleni Council as per the resolutions below:


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CLLR N. NYUKWANA
MAYOR

1.2 Council Resolutions

The Council approves and takes the following resolutions for the annual budget of 2016/17 to 2018/19 financial period:

1. The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts:
 - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budget Summary as per Table A1
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as per Table A2;
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as per Table A3;
 - 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) as per Table A4;
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected as per Table A5;
 - 1.1.6. Budgeted Financial Position as per Table A6;
 - 1.1.7. Budgeted Cash Flows as per Table A7;
 - 1.1.8. Cash backed reserves and accumulated surplus reconciliation as per Table A8;
 - 1.1.9. Asset management as per Table A9; and
 - 1.1.10. Basic service delivery measurement reflected as per Table A10.
 2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2016:
 - 2.1. Electricity increase by an average of 7.64% as per NERSA municipal tariff guidelines Consultation paper subject to approval by NERSA
 - 2.2. Solid waste services increase by 6% in line with CPIX
 - 2.3. All other services be increased by 6% in line with CPIX(Detailed tariff list attached as **annexure A**)
 3. The Council, in compliance with Section 14 of the Local Government: Municipal Property Rates Act, 2004 notes and tables to Council for approval the property rates increases as set out in the table below and as per tariff list attached as annexure A.

CATEGORY OF PROPERTY	Ratios	Cent in the Rand (excl VAT)
Residential	1.00	0.0087
Undeveloped land/Vacant land	1.00	0.0087
Business	1.50	0.0130
Government	1.50	0.0130
Agriculture/Farms	0.25	0.0022
Public Service Infrastructure	0.00	0.0000
Public Benefit Organisation	0.25	0.0022
Indigent subsidy will be based on market value of R 60 000 for property rates		

4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2016/17
 - Credit control and Debt collection
 - Asset and Disposal Management policies
 - Supply Chain Management policy
5. Council resolves that the filling of vacant/new posts be suspended until the business re-engineering processes has been finalised.
6. Council notes that the grant funding from the Department of Sport, Recreation, Arts and Culture for Libraries is only R 900 000 whilst total operating expenditure budgeted for amounts to R 1 147 234.14. A further allocation has been made by the Department of Sport, Recreation, Arts and Culture to the Emalahleni municipality for the development of the Dordrecht sport field. The actual amount of the allocation is yet to be confirmed and will be appropriated in the adjustment budget.
7. Council notes that the only new posts accommodated in the 2016/2017 budget are 3 Operators posts within Infrastructure Development and Human Settlement for the operation of the newly acquired plant machinery.
8. Council approves that the prioritising of the Phase 2 of municipal offices project with a budget amount of R 4.5 million in the 2016/2017 financial year.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 78 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2016/17 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The continued grant dependency of the municipality that is worsened by poor collection rate due to ongoing difficulties in the national and local economy;
- Infrastructure challenges such as aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality's health position is quickly becoming unhealthy and as such needs to be stabilised and further strife to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. Reserves have been slowly depleted over the last couple of year and the municipality must strive to re-establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
	2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<u>Financial Performance</u>										
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 664	4 939
Service charges	14 914	21 391	11 180	16 815	12 754	12 754	12 754	13 742	14 678	15 590
Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	3 399	3 327	2 461	3 373
Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	145 427	129 829	131 801	133 254
Other own revenue	29 217	36 260	9 360	6 776	6 916	6 916	6 916	6 353	6 736	7 822
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	173 082	172 640	172 640	172 640	156 642	160 341	164 978
Employee costs	43 685	47 295	42 783	59 207	54 768	54 768	54 768	62 015	68 142	74 887
Remuneration of councillors	9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 549	13 427
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	24 432	24 997	25 247	25 499
Finance charges	642	690	787	730	500	500	500	850	361	372
Materials and bulk purchases	11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	20 490	22 511
Transfers and grants	141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 135
Other expenditure	67 484	91 675	80 963	86 484	90 704	90 704	90 704	67 387	61 462	57 768
Total Expenditure	153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 299	192 139	198 600
Surplus/(Deficit)	(18 135)	(33 527)	(41 902)	(29 420)	(30 573)	(30 573)	(30 573)	(32 657)	(31 798)	(33 622)
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	32 670	32 549	34 271
Surplus/(Deficit) after capital transfers & contributions	--	--	346	--	--	--	--	--	--	--
Share of surplus/ (deficit) of associate	2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649
Surplus/(Deficit) for the year	2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649
<u>Capital expenditure & funds sources</u>										
Capital expenditure	17 070	37 101	38 585	42 515	49 948	49 948	49 948	41 470	32 549	34 271
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	32 670	32 549	34 271
Public contributions & donations	--	1 312	--	--	--	--	--	--	--	--
Borrowing	--	--	--	--	--	--	--	--	--	--
Internally generated funds	(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	--	--
Total sources of capital funds	17 070	37 101	38 585	42 515	49 948	49 948	49 948	41 470	32 549	34 271
<u>Financial position</u>										
Total current assets	66 482	70 496	55 816	32 608	44 694	44 694	44 694	37 203	51 471	65 720
Total non current assets	434 523	431 969	446 104	465 646	471 621	471 621	471 621	488 094	495 396	504 168
Total current liabilities	17 575	23 968	37 293	17 143	40 913	40 913	40 913	48 769	68 251	90 212
Total non current liabilities	8 318	8 954	6 241	9 997	5 816	5 816	5 816	6 929	8 266	8 676
Community wealth/Equity	475 112	469 543	458 385	471 114	469 586	469 586	469 586	469 599	470 350	471 000
<u>Cash flows</u>										
Net cash from (used) operating	24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 906	16 651	16 459
Net cash from (used) investing	(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(41 470)	(32 549)	(34 271)
Net cash from (used) financing	(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	--	--
Cash/cash equivalents at the year end	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(9 249)	(25 147)	(42 960)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(9 249)	(25 147)	(42 960)
Application of cash and investments	5 320	12 448	16 569	(366)	9 671	9 671	9 671	(1 937)	(6 969)	(10 369)
Balance - surplus (shortfall)	47 795	38 545	15 208	21 522	6 908	6 908	6 908	(7 312)	(18 178)	(32 591)
<u>Asset management</u>										
Asset register summary (WDV)	434 523	431 969	446 104	465 646	471 621	471 621	488 093	488 093	495 394	504 165
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	24 997	24 997	25 247	25 499
Renewal of Existing Assets	--	--	--	--	--	--	--	--	--	--
Repairs and Maintenance	7 278	8 712	5 083	12 386	9 973	9 973	7 613	7 613	7 176	7 433
<u>Free services</u>										
Cost of Free Basic Services provided	--	--	--	--	--	--	--	--	--	--
Revenue cost of free services provided	1 225	899	--	--	--	--	--	--	--	--
Households below minimum service level										
Water:	21	21	--	--	--	--	--	--	--	--
Sanitation/sew erage:	23	23	--	--	--	--	--	--	--	--
Energy:	--	--	--	--	--	--	--	--	--	--
Refuse:	29	29	29	29	--	29	29	29	29	29

Total operating revenue has decreased by 9.3 per cent for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 2.4 and 2.9 per cent respectively.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 189,299 million and translates into a budgeted deficit of R 32,657 million before capital transfers. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 6.86 per cent in the 2016/17 budget and increase by 1.5 and 3.4 for the two outer years of the MTREF. The operating surplus position in the 2016/17, after capital grant transfers, changes to a surplus position of R 751 000 in the first outer year and decrease in the second outer year to R 649 000.

The capital budget of R41,470 million for 2016/17 will show a decrease when compared to the 2015/16 Adjustment Budget. The reason for the decrease is the municipality is realising that its reserves are been exhausted and that it is not able to fund capital projects from own funds.

No borrowing for capital projects is planned at this time, but the municipality will have to strongly consider this option given the limited financial resources.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look to review and revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve its revenue collection. The municipality also reviews its revenue related policies annually with the objective of streamlining revenue collection and enhancement through its approved policies.

The inflation forecasts for the MTREF period is 6% for the budget year and on average 5.8 for the two outer years. The municipality's strives not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases that are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2016/17MTREF (classified by main revenue source):

EC136 Emalahleni (EC) - Table A1 Budget Summary									
Description	2012/13			2013/14			2014/15		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Current Year 2015/16									
R thousands	2012/13			2013/14			2014/15		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
2016/17 Medium Term Revenue & Expenditure Framework									
R thousands	2016/17			2017/18			2018/19		
	Budget Year +1	Budget Year +2	Budget Year +3	Budget Year +1	Budget Year +2	Budget Year +3	Budget Year +1	Budget Year +2	Budget Year +3
Financial Performance									
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 391	4 664	4 939
Service charges	14 914	21 381	11 190	16 815	12 754	12 754	13 742	14 678	15 590
Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	2 327	2 461	3 373
Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	129 829	131 801	133 254
Other own revenue	20 217	36 260	9 360	6 776	6 916	6 916	6 353	6 736	7 822
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	173 082	172 640	172 640	156 642	160 341	164 978

The percentage revenue from own sources increases minimally during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.
Details in this regard are contained below:

EC136 Emalahleni (EC) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 664	4 939
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
Net Property Rates		3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 664	4 939
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		6 425	8 078	8 823	13 483	8 685	8 685	8 685	10 176	10 891	11 579
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		762	30								
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	1 950	1 950	2 100	2 300	2 500
Net Service charges - electricity revenue		5 662	8 048	8 823	13 483	8 685	8 685	8 685	10 176	10 891	11 579
Service charges - refuse revenue	6										
Total refuse removal revenue		2 888	3 014	2 357	3 333	4 069	4 069	4 069	3 566	3 787	4 010
Total landfill revenue		-	-		-	-					
less Revenue Foregone (in excess of one removal a week to indigent households)		141	319								
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		2 747	2 695	2 357	3 333	4 069	4 069	4 069	3 566	3 787	4 010
Other revenue											
Branding of Livestock				42	1	1	1	1	5	5	6
Building plans				20	2	22	22	22	2	2	3
Cemetery Fees				32	36	36	36	36	37	40	45
Connection Fees				53	82	159	159	159	87	93	99
Housing Admin Fees				-	70	70	70	70	74	77	83
Insurance Income				251	148	148	148	148	154	163	165
LGSETA				67	-	39	39	39	-	-	-
Pound Fees				12	49	33	33	33	50	54	57
Registrations				0	-	5	5	5	-	-	-
Sundry Income		21 434	27 135	1 035	76	130	130	130	74	77	81
Administration charges				1 961	-	-	-	-	-	-	-
Duplicate documents	3				4	-	-	-	4	5	5
Total 'Other' Revenue	1	21 434	27 135	3 474	467	643	643	643	488	516	543

Tariffs for indigent households are set out below:

	Rates free of charge to the value based on market value of his property to the maximum of R60 000
1	
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R130.689 million in the 2016/17 financial year and increases to R133.154 million by 2018/19. The unconditional Equitable Share Grant, that generally increases year on year, has decreased by R 2 million in 2016/17 and the Conditional MSIG grant has not been gazetted for the 2016/17 year.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts												
R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
RECEIPTS:		1, 2										
Operating Transfers and Grants												
National Government:			82 270	94 165	108 978	142 953	142 953	142 953	128 929	130 901	132 354	
Local Government Equitable Share			69 797	78 749	92 038	116 537	116 537	116 537	114 599	121 843	127 950	
Municipal Infrastructure Grant (MIG) - Operating				880	1 989	1 611	1 611	1 611	1 588	1 713	1 804	
Local Government Financial Management Grant (FM)			1 379	1 650	1 800	1 875	1 875	1 875	2 010	2 345	2 600	
Municipal Systems Improvement Grant (MSIG)			736	890	934	930	930	930	—	—	—	
Integrated National Electrification Grant (INEP)			9 000	10 996	11 000	21 000	21 000	21 000	9 317	5 000	—	
Extended Public Works Program (EPWP)			1 358	1 000	1 217	1 000	1 000	1 000	1 415	—	—	
Provincial Government:			441	831	2 403	800	1 074	1 074	900	900	900	
Library			441	831	803	800	1 074	1 074	900	900	900	
Waste Management Grant					1 600			—				
District Municipality:			2 705	3 446	1 500	—	1 400	1 400	—	—	—	
CHDM Paving and beautification					1 500		1 000	1 000	—	—	—	
Greenest Municipality Grant							200	200	—	—	—	
IT Support Grant							200	200	—	—	—	
CHDM Other			2 705	3 446					—	—	—	
Other grant providers:			—	—	—	—	—	—	—	—	—	
[insert description]												
Total Operating Transfers and Grants		5	85 415	98 441	112 881	143 753	145 427	145 427	129 829	131 801	133 254	

Revenue from capital transfers as indicated below is growing steadily in the MTREF period from R 32.670 million in 2016/17 to R 34.271 million in 2018/19.

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts											
R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Capital Transfers and Grants</u>											
National Government:											
	Municipal Infrastructure Grant (MIG)		23 095	22 739	28 981	30 615	30 615	30 615	32 670	32 549	34 271
	Public Transport and Systems		23 095	22 739	28 981	30 615	30 615	30 615	30 170	32 549	34 271
	Total Capital Transfers and Grants	5	23 095	22 739	28 981	30 615	30 615	30 615	32 670	32 549	34 271

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)																	
R thousand	Vote Description	Ref	2012/13			2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome			Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Revenue by Vote																	
	Vote 1 - Executive and Council		238			5 492			6 652			6 140	6 340	6 340	6 458	6 773	7 107
	Vote 2 - Corporate services		84			0			68			1	40	40	-	-	-
	Vote 3 - Budget and Treasury		79 046			77 343			100 934			120 270	121 497	121 497	118 317	126 053	133 538
	Vote 4 - Economic Development, tourism and agriculture		2 362			2 884			158			5	25	25	10	11	12
	Vote 5 - Community and Social Services		8 272			14 698			8 469			6 274	75 203	75 203	9 068	6 922	7 580
	Vote 6 - Infrastructure and Human Settlement		66 392			90 086			54 954			71 007	150	150	55 459	53 131	51 013
Total Revenue by Vote			2	156 394		190 504			171 234			203 697	203 254	203 254	189 312	192 890	199 249

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is increasing from R 2.3 million in 2015/16 to R 2.526 million in 2016/17 financial year.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 6% average, including electricity adjustments.

EC136 Emalahleni (EC) - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Rand/cent													
1													
'Middle Income Range'													
Rates and services charges:													
Property rates		396.67	420.00	445.96	478.33	478.33	478.33	3.8%	496.63	525.17	553.71		
Electricity: Basic levy		1.09	54.50	-	-	-	-	-	-	-	-		
Electricity: Consumption		1 024.70	1 090.00	740.00	1 344.00	1 344.00	1 344.00	7.9%	1 449.95	1 534.05	1 623.02		
Refuse removal		62.55	65.93	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71		
sub-total		1 485.01	1 630.43	1 252.26	1 892.88	1 892.88	1 892.88	6.8%	2 021.36	2 138.34	2 260.44		
VAT on Services		133.66	148.65	99.02	173.72	173.72	173.72	0.02	187.25	198.11	209.60		
Total large household bill:		1 618.66	1 779.08	1 351.28	2 066.60	2 066.60	2 066.60	6.9%	2 208.61	2 336.44	2 470.04		
% increase/-decrease			9.9%	(24.0%)	52.9%	-	-		6.9%	5.8%	5.7%		
2													
'Affordable Range'													
Rates and services charges:													
Property rates		283.33	300.00	318.54	341.67	341.67	331.42	6.1%	351.63	371.83	392.04		
Electricity: Basic levy		81.00	54.50	-	-	-	-	-	-	-	-		
Electricity: Consumption		512.35	545.00	370.00	559.00	559.00	559.00	7.7%	601.95	636.86	673.80		
Refuse removal		59.35	62.55	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71		
sub-total		936.03	962.05	754.84	971.22	971.22	960.97	5.9%	1 028.36	1 087.82	1 149.55		
VAT on Services		80.16	81.30	53.58	77.31	77.31	77.31	0.02	83.11	87.93	93.03		
Total small household bill:		1 016.19	1 043.35	808.42	1 048.53	1 048.53	1 038.28	6.0%	1 111.47	1 175.75	1 242.58		
% increase/-decrease			2.7%	(22.5%)	29.7%	-	(1.0%)		7.0%	5.8%	5.7%		
				-9.42	-2.32	-1.00	-						
3													
'Indigent' Household receiving free basic services													
Rates and services charges:													
Property rates		170.00	180.00	181.57	205.00	205.00	194.75	6.1%	206.63	218.50	26.82		
Electricity: Basic levy		81.00	270.00	-	-	-	-	-	-	-	-		
Electricity: Consumption		358.65	381.50	259.00	353.50	353.50	353.50	7.5%	379.95	401.99	425.30		
Refuse removal		59.35	62.55	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71		
sub-total		669.00	894.05	506.87	629.05	629.05	618.80	5.1%	661.36	699.61	535.83		
VAT on Services		61.28	87.69	39.95	52.08	52.08	52.08	0.02	55.84	59.08	62.51		
Total small household bill:		730.28	981.74	546.82	681.13	681.13	670.88	5.3%	717.20	758.69	598.34		
% increase/-decrease			34.4%	(44.3%)	24.6%	-	(1.5%)		6.9%	5.8%	(21.1%)		

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 48% and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R 2.562 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 25 million for the 2016/17 financial year and equates to 13 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9.85 per cent of expenditure and increase to 11 per cent in the outer years.

Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future mSCOA budgets.

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2015/2016 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (EC) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		5 226	4 980	1 907	8 128	5 828	5 828	3 600	8 603	9 110
Infrastructure - Road transport		1 106	1 190	1 569	4 118	3 448	3 448	2 200	4 359	4 616
Roads, Pavements & Bridges		883	940	1 245	3 725	3 125	3 125	2 000	3 943	4 175
Storm water		223	250	324	393	323	323	200	416	441
Infrastructure - Electricity		647	1 056	338	4 009	2 379	2 379	1 400	4 244	4 494
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		315	226	338	1 098	1 098	1 098	700	1 162	1 230
Street Lighting		332	830	—	2 912	1 282	1 282	700	3 082	3 264
Infrastructure - Water		2 386	2 702	—	—	—	—	—	—	—
Reticulation		2 386	2 702	—	—	—	—	—	—	—
Infrastructure - Sanitation		1 086	32	—	—	—	—	—	—	—
Reticulation		1 086	32	—	—	—	—	—	—	—
Community		86	110	715	100	175	175	750	185	196
Parks & gardens		—	13	235	—	68	68	380	72	76
Sportsfields & stadia		4	—	3	100	107	107	170	113	120
Cemeteries		82	97	478	—	0	0	200	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings							—			
Investment properties		—	—	—	—	—	—	—	—	—
Housing development							—			
Other assets		1 966	3 622	2 461	4 159	3 971	3 971	3 263	3 514	3 721
General vehicles		1 042	772	800	2 422	1 651	1 651	1 570	2 342	2 480
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		127	2 483	46	1 097	839	839	633	532	563
Computers - hardware/equipment		2	—	—	—	—	—	—	—	—
Furniture and other office equipment		78	95	65	56	70	70	—	17	18
Civic Land and Buildings		716	272	1 549	583	1 411	1 411	1 060	623	660
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class							—			
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class			—	—		—	—			
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming							—	—		
Other (list sub-class)							—	—		
Total Repairs and Maintenance Ex	1	7 277	8 712	5 083	12 386	9 973	9 973	7 613	12 302	13 027

EC136 Emalahleni (EC) - Table A10 Basic service delivery measurement							
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year +1 Full Year Forecast
					Budget 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Households receiving Free Basic Service</u>	7						
Electricity/othe energy (50kw h per household per month)		-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8						
Electricity/othe energy (50kw h per indigent household per month)		-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>							
Total cost of FBS provided		-	-	-	-	-	-
<u>Highest level of free service provided per household</u>							
Property rates (R value threshold)							
Electricity (kw h per household per month)		50	50	50	50	50	50
Refuse (average litres per w week)							

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description		Ref	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework						
R thousand	Vote Description	2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
		Audited Outcome	Audited Outcome	Audited Outcome								
1	Capital expenditure - Vote											
	Multi-year expenditure, to be appropriated											
	Vote 1 - Executive and Council	-	-	-	-	-	-	-	4 500	-	-	
	Vote 2 - Corporate services	-	-	-	-	1 682	-	-	-	-	-	
	Vote 3 - Budget and Treasury	-	-	-	-	638	-	-	-	-	-	
	Vote 4 - Economic Development, tourism and agriculture	-	-	-	-	10	-	-	-	-	-	
	Vote 5 - Community and Social Services	6 437	11 753	-	18 922	-	-	-	6 402	3 858	8 700	
	Vote 6 - Infrastructure and Human Settlement	7 816	12 710	-	11 693	-	-	-	22 768	13 733	-	
	Capital multi-year expenditure sub-total	14 254	24 463	-	30 615	2 330	-	-	33 670	17 591	8 700	
	Single-year expenditure, to be appropriated											
	Vote 1 - Executive and Council	439	809	4 381	2 210	5 977	5 977	5 977	-	-	-	
	Vote 2 - Corporate services	159	133	4 092	900	6 536	6 536	6 536	2 200	-	-	
	Vote 3 - Budget and Treasury	672	1 648	2 371	260	200	200	200	-	-	-	
2	Vote 4 - Economic Development, tourism and agriculture	135	1 597	-	4 280	1 200	1 200	1 200	-	-	-	
	Vote 5 - Community and Social Services	1 154	682	20 201	2 750	14 266	14 266	14 266	4 500	-	25 571	
	Vote 6 - Infrastructure and Human Settlement	258	7 770	7 541	1 500	19 440	19 440	19 440	1 100	14 958	-	
	Capital single-year expenditure sub-total	2 817	12 638	38 585	11 900	47 618	47 618	47 618	7 800	14 958	25 571	
	Total Capital Expenditure - Vote	17 070	37 101	38 585	42 515	49 948	47 618	47 618	41 470	32 549	34 271	
	Capital Expenditure - Standard											
	Governance and administration	1 269	2 590	10 844	3 370	15 033	15 033	15 033	6 700	-	-	
	Executive and council	439	809	4 381	2 210	5 977	5 977	5 977	4 500	-	-	
	Budget and treasury office	672	1 648	2 371	260	838	838	838	-	-	-	
	Corporate services	159	133	4 092	900	8 218	8 218	8 218	2 200	-	-	
	Community and public safety	7 844	8 465	18 386	10 999	14 266	14 266	14 266	6 414	2 858	34 271	
	Community and social services	7 591	2 857	13 423	7 383	12 268	12 268	12 268	6 414	2 858	34 271	
	3	Sport and recreation	-	4 333	4 964	3 000	1 998	1 998	1 998	-	-	-
Public safety		253	1 275	-	616	-	-	-	-	-	-	
Economic and environmental services		7 951	22 077	7 541	17 273	19 440	19 440	19 440	21 002	19 636	-	
Planning and development		135	1 597	262	4 280	-	-	-	-	-	-	
Road transport		7 816	20 480	7 279	12 993	19 440	19 440	19 440	21 002	19 636	-	
Trading services		-	3 970	1 814	10 874	1 210	1 210	1 210	7 354	10 055	-	
Electricity		-	-	-	-	-	-	-	2 865	9 055	-	
Waste water management		-	-	-	-	10	10	10	-	-	-	
Waste management		-	3 970	1 814	10 874	1 200	1 200	1 200	4 488	1 000	-	
Other		-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Standard		17 065	37 101	38 585	42 515	49 948	49 948	49 948	49 948	41 470	32 549	34 271
Funded by:												
4		National Government	20 793	28 198	30 142	30 615	30 615	30 615	30 615	32 670	32 549	34 271
	Provincial Government			257					-	-	-	
	Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	32 670	32 549	34 271	
	Public contributions & donations		1 312						-	-	-	
	Internally generated funds	(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	-	-	
7	Total Capital Funding	17 070	37 101	38 585	42 515	49 948	49 948	49 948	41 470	32 549	34 271	

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	Capital expenditure on new assets by Asset Class/Sub-class				Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1											
Capital expenditure on new assets by Asset Class/Sub-class												
Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	19 440	23 868	28 691	–	
Infrastructure - Road transport		7 749	14 541	6 520	12 893	19 440	19 440	19 440	21 002	19 636	–	
Roads, Pavements & Bridges		7 749	14 541	6 520	12 893	19 440	19 440	19 440	21 002	19 636	–	
Infrastructure - Electricity		–	–	–	–	–	–	–	2 865	9 055	–	
Transmission & Retification									100	–	–	
Street Lighting									2 765	9 055	–	
Infrastructure - Other		–	1 192	–	–	–	–	–	–	–	–	
Other		–	1 192	–	–	–	–	–	–	–	–	
Community		5 810	6 924	17 654	9 383	7 981	7 981	7 981	4 673	1 100	13 501	
Parks & gardens		–	281	42	900	500	500	500	3 873	1 100	–	
Sportsfields & stadia		4 902	4 333	4 964	3 000	1 998	1 998	1 998	–	–	13 501	
Community halls		–	1 244	10 165	4 632	4 632	4 632	4 632	–	–	–	
Cemeteries		907	135	2 483	550	550	550	550	500	–	–	
Social rental housing		–	–	–	–	–	–	–	–	–	–	
Other		–	931	–	300	300	300	300	300	–	–	
Heritage assets		–	–	59	–	–	–	–	–	–	–	
Buildings				59								
Other												
Investment properties		–	–	1	–	–	–	–	–	–	–	
Housing development				1								
Other												
Other assets		1 952	14 444	14 281	20 240	22 528	22 528	22 528	12 930	2 758	20 771	
General vehicles		256	1 112	3 800	3 800	800	800	800	1 000	–	–	
Specialised vehicles		–	–	–	–	–	–	–	–	–	–	
Plant & equipment		260	6 135	3	500	6 700	6 700	6 700	1 000	–	–	
Computers - hardware/equipment		516	592	432	480	1 052	1 052	1 052	350	–	–	
Furniture and other office equipment		321	444	910	330	1 054	1 054	1 054	1 050	–	–	
Civic Land and Buildings		599	6 161	–	13 730	11 522	11 522	11 522	8 488	1 000	17 971	
Other Buildings				8 458	–	–	–	–	–	–	–	
Other				678	1 400	1 400	1 400	1 400	1 041	1 758	2 800	
Agricultural assets		–	–	–	–	–	–	–	–	–	–	
List sub-class												
Biological assets		–	–	–	–	–	–	–	–	–	–	
List sub-class												
Intangibles		126	–	70	–	–	–	–	–	–	–	
Computers - software & programming		126	–	70	–	–	–	–	–	–	–	
Total Capital Expenditure on new	1	15 637	37 101	38 585	42 515	49 948	49 948	49 948	41 470	32 549	34 271	

1.6.1 Future operational cost of new infrastructure

This table shows that future operational costs associated with the capital programme totals R 189.278 million in 2016/17 and escalates to R 245.043 million by 2021/22.

EC136 Emalahleni (EC) - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value	
R thousand									
Capital expenditure	1								
Vote 1 - Executive and Council		4 500	-	-	-	-	-	4 500	
Vote 2 - Corporate services		2 200	-	-	-	-	-	2 200	
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	
Vote 4 - Economic Development, tourism and agriculture		-	-	-	-	-	-	-	
Vote 5 - Community and Social Services		10 902	3 858	34 271	36 293	38 435	40 702	10 902	
Vote 6 - Infrastructure and Human Settlement		23 868	28 691	-	-	-	-	23 868	
Total Capital Expenditure		41 470	32 549	34 271	36 293	38 435	40 702	41 470	
Future operational costs by vote	2								
Vote 1 - Executive and Council		31 701	34 090	36 515	38 670	40 951	43 367	31 701	
Vote 2 - Corporate services		18 277	18 958	20 191	21 382	22 644	23 980	18 277	
Vote 3 - Budget and Treasury		31 384	33 316	35 024	37 090	39 279	41 596	31 384	
Vote 4 - Economic Development, tourism and agriculture		5 630	5 923	6 462	6 843	7 247	7 675	5 630	
Vote 5 - Community and Social Services		27 706	27 265	28 963	30 672	32 482	34 398	27 706	
Vote 6 - Infrastructure and Human Settlement		74 601	72 587	71 445	75 660	80 124	84 851	74 601	
Total future operational costs		189 299	192 139	198 600	210 317	222 726	235 867	189 299	
Future revenue by source	3								
Property rates		4 391	4 664	4 939	5 230	5 539	5 866	4 391	
Service charges - electricity revenue		10 176	10 891	11 579	12 263	12 986	13 752	10 176	
Service charges - refuse revenue		3 566	3 787	4 010	4 247	4 498	4 763	3 566	
Rental of facilities and equipment		797	849	899	952	1 008	1 067	797	
Interest earned - external investments		2 327	2 461	3 373	3 572	3 783	4 006	2 327	
Interest earned - outstanding debtors		2 767	2 915	3 675	3 892	4 122	4 365	2 767	
Fines		123	131	139	147	156	165	123	
Licences and permits		833	885	1 041	1 103	1 168	1 237	833	
Agency services		1 345	1 440	1 525	1 615	1 711	1 812	1 345	
Transfers recognised - operational		129 829	131 801	133 254	141 116	149 442	158 259	129 829	
Other revenue		488	516	543	575	609	645	488	
Total future revenue		24 024	25 567	28 476	30 156	31 935	33 819	24 024	
Net Financial Implications		206 745	199 120	204 395	216 455	229 226	242 750	206 745	

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF to be approved by the Council. *Explanatory notes accompanies the tables*)

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework						
	2012/13	2013/14	2014/15	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Financial Performance</u>											
Property rates	3 194	3 218	3 719		3 551	4 143	4 143	4 143	4 391	4 664	4 939
Service charges	14 914	21 381	11 180		16 815	12 754	12 754	12 754	13 742	14 678	15 590
Investment revenue	2 862	3 005	3 350		2 186	3 399	3 399	3 399	2 327	2 461	3 373
Transfers recognised - operational	85 415	98 441	112 881		143 753	145 427	145 427	145 427	129 829	131 801	133 254
Other own revenue	29 217	36 260	9 360		6 776	6 916	6 916	6 916	6 353	6 736	7 822
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489		173 082	172 640	172 640	172 640	156 642	160 341	164 978
Employee costs	43 685	47 295	42 783		59 207	54 768	54 768	54 768	62 015	68 142	74 887
Remuneration of councillors	9 101	9 812	10 104		10 739	10 896	10 896	10 896	11 728	12 549	13 427
Depreciation & asset impairment	21 451	31 703	31 314		24 503	24 432	24 432	24 432	24 997	25 247	25 499
Finance charges	642	690	787		730	500	500	500	850	361	372
Materials and bulk purchases	11 232	12 851	14 809		18 040	18 040	18 040	18 040	18 650	20 490	22 511
Transfers and grants	141	1 808	1 631		2 800	3 874	3 874	3 874	3 672	3 888	4 135
Other expenditure	67 484	91 675	80 963		86 484	90 704	90 704	90 704	67 387	61 462	57 768
Total Expenditure	153 737	195 833	182 391		202 502	203 213	203 213	203 213	189 299	192 139	198 600
Surplus/(Deficit)	(18 135)	(33 527)	(41 902)		(29 420)	(30 573)	(30 573)	(30 573)	(32 657)	(31 798)	(33 622)
Transfers recognised - capital	20 793	28 198	30 399		30 615	30 615	30 615	30 615	32 670	32 549	34 271
Contributions recognised - capital & contributed assets	—	—	346		—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	2 658	(5 329)	(11 157)		1 194	42	42	42	13	751	649
Share of surplus/ (deficit) of associate	—	—	—		—	—	—	—	—	—	—
Surplus/(Deficit) for the year	2 658	(5 329)	(11 157)		1 194	42	42	42	13	751	649
<u>Capital expenditure & funds sources</u>											
Capital expenditure	17 070	37 101	38 585		42 515	49 948	49 948	49 948	41 470	32 549	34 271
Transfers recognised - capital	20 793	28 198	30 399		30 615	30 615	30 615	30 615	32 670	32 549	34 271
Public contributions & donations	—	1 312	—		—	—	—	—	—	—	—
Borrowing	—	—	—		—	—	—	—	—	—	—
Internally generated funds	(3 723)	7 591	8 186		11 900	19 333	19 333	19 333	8 800	—	—
Total sources of capital funds	17 070	37 101	38 585		42 515	49 948	49 948	49 948	41 470	32 549	34 271
<u>Financial position</u>											
Total current assets	66 482	70 496	55 816		32 608	44 694	44 694	44 694	37 203	51 471	65 720
Total non current assets	434 523	431 969	446 104		465 646	471 621	471 621	471 621	488 094	495 396	504 168
Total current liabilities	17 575	23 968	37 293		17 143	40 913	40 913	40 913	48 769	68 251	90 212
Total non current liabilities	8 318	8 954	6 241		9 997	5 816	5 816	5 816	6 929	8 266	8 676
Community wealth/Equity	475 112	469 543	458 385		471 114	469 586	469 586	469 586	469 599	470 350	471 000
<u>Cash flows</u>											
Net cash from (used) operating	24 657	35 396	18 153		29 769	34 600	34 600	34 600	15 906	16 651	16 459
Net cash from (used) investing	(17 070)	(37 101)	(36 956)		(42 515)	(49 537)	(49 537)	(49 537)	(41 470)	(32 549)	(34 271)
Net cash from (used) financing	(536)	(416)	(414)		(5)	(260)	(260)	(260)	(263)	—	—
Cash/cash equivalents at the year end	53 115	50 993	31 776		21 156	16 578	16 578	16 578	(9 249)	(25 147)	(42 960)
<u>Cash backing/surplus reconciliation</u>											
Cash and investments available	53 115	50 993	31 776		21 156	16 578	16 578	16 578	(9 249)	(25 147)	(42 960)
Application of cash and investments	5 320	12 448	16 569		(366)	9 671	9 671	9 671	(1 937)	(6 969)	(10 369)
Balance - surplus (shortfall)	47 795	38 545	15 208		21 522	6 908	6 908	6 908	(7 312)	(18 176)	(32 591)
<u>Asset management</u>											
Asset register summary (WDV)	434 523	431 969	446 104		465 646	471 621	471 621	488 093	488 093	495 394	504 165
Depreciation & asset impairment	21 451	31 703	31 314		24 503	24 432	24 432	24 997	24 997	25 247	25 499
Repairs and Maintenance	7 278	8 712	5 083		12 386	9 973	9 973	7 613	7 613	7 176	7 433
<u>Free services</u>											
Cost of Free Basic Services provided	—	—	—		—	—	2 562	2 938	2 938	2 947	3 155
Revenue cost of free services provided	1 225	899	—		—	—	—	—	—	—	—
<u>Households below minimum service level</u>											
Energy:	—	—	—		—	—	—	—	—	—	—
Refuse:	29	29	29		29	—	29	29	29	29	29

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The municipality's cash flow are moving into negative territories giving a possible indication of that the necessary cash resources will in the short term be exhausted and as such no funds will be available to fund the Capital Budget.

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard	1															
<i>Governance and administration</i>																
Executive and council		82 112		91 254	107 654		126 411	128 987		128 987		128 987	128 987	124 775	132 826	140 645
Budget and treasury office		238		5 492	6 652		6 140	6 340		6 340		6 340	6 340	6 458	6 773	7 107
Corporate services		81 790		85 762	100 934		120 270	122 607		122 607		122 607	122 607	118 317	126 053	133 538
		84		0	68		1	40		40		40	40	—	—	—
<i>Community and public safety</i>																
Community and social services		1 078		1 469	2 060		1 693	2 147		2 147		2 147	2 147	4 348	1 906	1 970
Public safety		997		1 421	2 055		1 331	2 023		2 023		2 023	2 023	4 275	1 829	1 887
		80		12	5		291	53		53		53	53	—	—	—
Housing		—		37	—		70	70		70		70	70	74	77	83
<i>Economic and environmental services</i>																
Planning and development		25 000		35 174	34 997		36 227	35 196		35 196		35 196	35 196	35 460	36 703	38 765
Road transport		2 362		2 884	158		5	25		25		25	25	10	11	12
Environmental protection		22 638		32 290	34 839		36 221	35 171		35 171		35 171	35 171	35 451	36 692	38 753
<i>Trading services</i>																
Electricity		48 016		62 378	26 524		39 160	36 894		36 894		36 894	36 894	24 701	21 423	17 838
Water		14 824		19 273	20 110		34 424	30 132		30 132		30 132	30 132	19 934	16 361	12 177
Waste water management		19 496		29 266	—		—	—		—		—	—	—	—	—
Waste management		9 353		9 209	—		—	—		—		—	—	—	—	—
		4 343		4 630	6 414		4 736	6 763		6 763		6 763	6 763	4 767	5 062	5 661
<i>Other</i>		186		228	—		207	30		30		30	30	27	31	32
Total Revenue - Standard	2	156 392		190 504	171 234		203 697	203 254		203 254		203 254	203 254	189 312	192 890	199 249
Expenditure - Standard																
<i>Governance and administration</i>																
Executive and council		52 154		67 488	71 817		81 992	84 131		84 131		84 131	84 131	81 362	86 364	91 730
Budget and treasury office		20 610		24 341	25 999		34 389	34 146		34 146		34 146	34 146	31 701	34 090	36 515
Corporate services		18 816		29 464	26 877		29 221	31 854		31 854		31 854	31 854	31 384	33 316	35 024
		12 727		13 683	18 941		18 382	18 131		18 131		18 131	18 131	18 277	18 958	20 191
<i>Community and public safety</i>																
Community and social services		21 020		21 995	14 554		20 387	21 380		21 380		21 380	21 380	20 886	21 323	22 788
Sport and recreation		7 652		18 583	12 171		14 557	16 887		16 887		16 887	16 887	17 426	17 664	18 882
Public safety		865		667	939		1 153	1 154		1 154		1 154	1 154	1 329	1 349	1 402
Housing		11 005		1 543	562		3 757	2 082		2 082		2 082	2 082	—	—	—
		1 498		1 201	883		920	1 257		1 257		1 257	1 257	2 131	2 311	2 504
<i>Economic and environmental services</i>																
Planning and development		34 210		35 739	41 276		50 161	47 523		47 523		47 523	47 523	44 363	44 837	46 685
Road transport		8 095		8 081	7 343		6 514	5 950		5 950		5 950	5 950	5 630	5 923	6 462
<i>Trading services</i>																
Electricity		26 116		27 658	33 933		43 647	41 573		41 573		41 573	41 573	38 733	38 914	40 223
Water		46 009		70 228	54 744		49 516	49 794		49 794		49 794	49 794	42 153	39 043	36 809
Waste water management		9 920		23 202	37 458		41 419	41 782		41 782		41 782	41 782	33 737	31 362	28 718
Waste management		21 097		29 409	—		—	—		—		—	—	—	—	—
		9 341		11 862	—		—	—		—		—	—	—	—	—
<i>Other</i>		5 650		5 755	17 286		8 097	8 012		8 012		8 012	8 012	8 416	7 680	8 091
Total Expenditure - Standard	3	153 737		195 833	182 391		202 502	203 213		203 213		203 213	203 213	189 299	192 139	198 600
Surplus/(Deficit) for the year		2 655		(5 329)	(11 157)		1 194	42		42		42	42	13	751	649

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Executive and Council		238	5 492	6 652	6 140	6 340	6 340	6 458	6 773	7 107
Vote 2 - Corporate services		84	0	68	1	40	40	-	-	-
Vote 3 - Budget and Treasury		79 046	77 343	100 934	120 270	121 497	121 497	118 317	126 053	133 538
Vote 4 - Economic Development, tourism and agriculture		2 362	2 884	158	5	25	25	10	11	12
Vote 5 - Community and Social Services		8 272	14 698	8 469	6 274	75 203	75 203	9 068	6 922	7 580
Vote 6 - Infrastructure and Human Settlement		66 392	90 086	54 954	71 007	150	150	55 459	53 131	51 013
Total Revenue by Vote	2	156 394	190 504	171 234	203 697	203 254	203 254	189 312	192 890	199 249
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		20 610	24 341	25 999	34 389	34 088	34 088	31 701	34 090	36 515
Vote 2 - Corporate services		12 727	13 683	18 941	18 382	17 435	17 435	18 277	18 958	20 191
Vote 3 - Budget and Treasury		16 073	21 046	26 877	29 221	30 744	30 744	31 384	33 316	35 024
Vote 4 - Economic Development, tourism and agriculture		8 095	8 081	7 343	6 514	5 950	5 950	5 630	5 923	6 462
Vote 5 - Community and Social Services		17 255	33 807	30 395	24 253	114 836	114 836	27 706	27 265	28 963
Vote 6 - Infrastructure and Human Settlement		78 977	94 875	72 836	89 743	160	160	74 601	72 587	71 445
Total Expenditure by Vote	2	153 737	195 833	182 391	202 502	203 213	203 213	189 299	192 139	198 600
Surplus/(Deficit) for the year	2	2 658	(5 329)	(11 157)	1 194	42	42	13	751	649

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Description	Ref	2012/13				2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
			Audited Outcome				Audited Outcome				Audited Outcome				Adjusted Budget				Budget Year 2016/17			
		1																				
Revenue By Source																						
2	Property rates		3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 664	4 939										
	Property rates - penalties & collection charges																					
2	Service charges - electricity revenue		5 662	8 048	8 823	13 483	8 685	8 685	8 685	10 176	10 891	11 579										
2	Service charges - water revenue		2 895	6 931	-	-	-	-	-	-	-	-										
2	Service charges - sanitation revenue		3 610	3 707	-	-	-	-	-	-	-	-										
2	Service charges - refuse revenue		2 747	2 695	2 357	3 333	4 069	4 069	4 069	3 566	3 787	4 010										
	Service charges - other		-	-	-	-	-	-	-	-	-	-										
	Rental of facilities and equipment		897	731	721	633	733	733	733	797	849	899										
	Interest earned - external investments		2 862	3 005	3 350	2 186	3 399	3 399	3 399	2 327	2 461	3 373										
	Interest earned - outstanding debtors		6 439	7 834	3 930	2 681	4 114	4 114	4 114	2 767	2 915	3 675										
	Dividends received		-	-	-	-	-	-	-	-	-	-										
	Fines		1	115	108	119	119	119	119	123	131	139										
	Licences and permits		353	383	462	1 532	822	822	822	833	885	1 041										
	Agency services		93	61	66	1 345	74	74	74	1 345	1 440	1 525										
	Transfers recognised - operational		85 415	98 441	112 881	143 753	145 427	145 427	145 427	129 829	131 801	133 254										
2	Other revenue		21 434	27 135	3 474	467	643	643	643	488	516	543										
	Gains on disposal of PPE				600	410	410	410	410	-	-	-										
	Total Revenue (excluding capital transfers and contributions)		135 602	162 305	140 489	173 082	172 640	172 640	172 640	156 642	160 341	164 978										
Expenditure By Type																						
2	Employee related costs		43 685	47 295	42 783	59 207	54 768	54 768	54 768	62 015	68 142	74 887										
	Remuneration of councillors		9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 549	13 427										
3	Debt impairment		9 539	19 245	13 567	1 300	2 300	2 300	2 300	2 526	2 500	2 500										
2	Depreciation & asset impairment		21 451	31 703	31 314	24 503	24 432	24 432	24 432	24 997	25 247	25 499										
	Finance charges		642	690	787	730	500	500	500	850	361	372										
2	Bulk purchases		11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	20 490	22 511										
8	Other materials																					
	Contracted services		2 713	3 994	5 564	4 327	3 980	3 980	3 980	3 986	4 437	4 500										
	Transfers and grants		141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 135										
	Other expenditure		52 488	60 017	60 085	80 857	84 424	84 424	84 424	60 905	54 525	50 768										
	Loss on disposal of PPE		2 744	8 419	1 747																	
	Total Expenditure		153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 299	192 139	198 600										
	Surplus/(Deficit)		(18 135)	(33 527)	(41 902)	(29 420)	(30 573)	(30 573)	(30 573)	(32 657)	(31 798)	(33 622)										
	Transfers recognised - capital		20 793	28 198	30 399	30 615	30 615	30 615	30 615	32 670	32 549	34 271										
6	Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-										
	Contributed assets				346																	
	Surplus/(Deficit) after capital transfers & contributions		2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649										
	Taxation																					
	Surplus/(Deficit) after taxation		2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649										
	Attributable to minorities																					
	Surplus/(Deficit) attributable to municipality		2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649										
	Share of surplus/ (deficit) of associate																					
7	Surplus/(Deficit) for the year		2 658	(5 329)	(11 157)	1 194	42	42	42	13	751	649										

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Capital expenditure - Vote	Multi-year expenditure to be appropriated	2											
			-	-	-	-	-	-	-	-	4 500	-	-
			-	-	-	-	1 682	-	-	-	-	-	-
			-	-	-	-	638	-	-	-	-	-	-
			-	-	-	-	10	-	-	-	-	-	-
			6 437	11 753	-	18 922	-	-	-	-	6 402	3 858	8 700
			7 816	12 710	-	11 693	-	-	-	-	22 768	13 733	-
7	14 254	24 463	-	30 615	2 330	-	-	-	-	33 670	17 591	8 700	
Single-year expenditure to be appropriated		2											
			439	809	4 381	2 210	5 977	5 977	5 977	5 977	-	-	-
			159	133	4 092	900	6 536	6 536	6 536	6 536	2 200	-	-
			672	1 648	2 371	260	200	200	200	200	-	-	-
			135	1 597	-	4 280	1 200	1 200	1 200	1 200	-	-	-
			1 154	682	20 201	2 750	14 266	14 266	14 266	14 266	4 500	-	25 571
			258	7 770	7 541	1 500	19 440	19 440	19 440	19 440	1 100	14 958	-
Capital single-year expenditure sub-total			2 817	12 638	38 585	11 900	47 618	47 618	47 618	7 800	14 958	25 571	
Total Capital Expenditure - Vote			17 070	37 101	38 585	42 515	49 948	47 618	47 618	41 470	32 549	34 271	
Capital Expenditure - Standard	Governance and administration												
			1 269	2 590	10 844	3 370	15 033	15 033	15 033	15 033	6 700	-	-
			439	809	4 381	2 210	5 977	5 977	5 977	5 977	4 500	-	-
			672	1 648	2 371	260	838	838	838	838	-	-	-
			159	133	4 092	900	8 218	8 218	8 218	8 218	2 200	-	-
			7 844	8 465	18 386	10 999	14 266	14 266	14 266	14 266	6 414	2 858	34 271
			7 591	2 857	13 423	7 383	12 268	12 268	12 268	12 268	6 414	2 858	34 271
			-	4 333	4 964	3 000	1 998	1 998	1 998	1 998	-	-	-
			253	1 275	-	616	-	-	-	-	-	-	-
			7 951	22 077	7 541	17 273	19 440	19 440	19 440	19 440	21 002	19 636	-
			135	1 597	262	4 280	-	-	-	-	-	-	-
			7 816	20 480	7 279	12 993	19 440	19 440	19 440	19 440	21 002	19 636	-
			-	3 970	1 814	10 874	1 210	1 210	1 210	1 210	7 354	10 055	-
			-	-	-	-	-	-	-	-	2 865	9 055	-
			-	-	-	-	10	10	10	10	-	-	-
			-	3 970	1 814	10 874	1 200	1 200	1 200	1 200	4 488	1 000	-
	-	-	-	-	-	-	-	-	-	-	-		
Total Capital Expenditure - Standard			17 065	37 101	38 585	42 515	49 948	49 948	49 948	41 470	32 549	34 271	
Funded by:	National Government Provincial Government Transfers recognised - capital Public contributions & donations Internally generated funds	3											
			20 793	28 198	30 142	30 615	30 615	30 615	30 615	30 615	32 670	32 549	34 271
					257						-	-	-
		4	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 615	32 670	32 549	34 271
		5		1 312							-	-	-
Total Capital Funding			7	17 070	37 101	38 585	42 515	49 948	49 948	41 470	32 549	34 271	

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.

Table A6 -Budgeted Financial Position

EC136 Emalahleni (EC) - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		53 120	9 379	3 213	577		—	—	—	—	—
Call investment deposits	1	—	41 614	28 563	20 579	16 578	16 578	16 578	—	—	—
Consumer debtors	1	10 360	16 264	21 885	5 437	25 831	25 831	25 831	34 158	47 614	61 003
Other debtors		2 603	2 620	2 155	5 365	2 285	2 285	2 285	2 435	2 586	2 739
Inventory	2	400	619		650		—	—			
Total current assets		66 482	70 496	55 816	32 608	44 694	44 694	44 694	36 593	50 200	63 742
Non current assets											
Long-term receivables		—	—		—		—	—			
Investments		—	—		—		—	—			
Investment property		14 201	8 394	6 433	8 394	6 434	6 434	6 434	6 434	6 434	6 434
Investment in Associate		—	—		—		—	—			
Property, plant and equipment	3	420 067	423 192	439 281	457 164	464 901	464 901	464 901	481 374	488 676	497 448
Agricultural		—	—		—		—	—			
Biological		—	—		—		—	—			
Intangible		255	259	207	88	104	104	104	104	104	104
Other non-current assets		—	124	183	—	183	183	183	183	183	183
Total non current assets		434 523	431 969	446 104	465 646	471 621	471 621	471 621	488 094	495 396	504 168
TOTAL ASSETS		501 005	502 465	501 920	498 254	516 315	516 315	516 315	524 687	545 597	567 910
LIABILITIES											
Current liabilities											
Bank overdraft	1	5	—				—	—	10 503	27 744	46 999
Borrowing	4	—	311	263	—	250	250	250	210	—	—
Consumer deposits		110	—				—	—			
Trade and other payables	4	9 567	16 879	18 418	9 875	20 099	20 099	20 099	17 388	19 823	22 598
Provisions		7 894	6 778	18 612	7 268	20 564	20 564	20 564	21 922	23 281	24 654
Total current liabilities		17 575	23 968	37 293	17 143	40 913	40 913	40 913	50 024	70 848	94 252
Non current liabilities											
Borrowing		852	235	547	551	300	300	300	283	73	—
Provisions		7 466	8 719	5 694	9 446	5 516	5 516	5 516	6 645	8 193	8 676
Total non current liabilities		8 318	8 954	6 241	9 997	5 816	5 816	5 816	6 929	8 266	8 676
TOTAL LIABILITIES		25 893	32 922	43 534	27 140	46 729	46 729	46 729	56 952	79 114	102 928
NET ASSETS											
	5	475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 735	466 482	464 982
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 187	466 595	465 802
Reserves	4	—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 187	466 595	465 802

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		3 194	3 218	3 719	2 851	1 446	1 446	1 446	2 313	2 457	2 602
Service charges		14 914	11 063	(4 130)	18 787	4 843	4 843	4 843	6 363	6 803	6 929
Other revenue		5 339			4 095	2 392	2 392	2 392	2 799	2 972	3 249
Government - operating	1	85 415	98 441	112 881	143 753	145 427	145 427	145 427	129 829	131 801	133 254
Government - capital	1	23 095	22 739	28 981	30 615	30 615	30 615	30 615	32 670	32 549	34 271
Interest		9 301	6 500	7 280	4 867	7 513	7 513	7 513	3 784	3 997	5 309
Dividends											
Payments											
Suppliers and employees		(116 356)	(106 429)	(130 520)	(146 080)	(157 136)	(157 136)	(157 136)	(158 575)	(161 022)	(166 091)
Finance charges		(244)	(137)	(58)	(730)	(500)	(500)	(500)	(850)	(361)	(372)
Transfers and Grants	1	—			(28 390)	—	—	—	(3 672)	(3 888)	(4 135)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 657	35 396	18 153	29 769	34 600	34 600	34 600	14 652	15 308	15 016
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			—			410	410	410	—	—	—
Decrease (increase) in non-current debtors			—			—	—	—	—	—	—
Decrease (increase) other non-current receivables						—	—	—	—	—	—
Decrease (increase) in non-current investments						—	—	—	—	—	—
Payments											
Capital assets		(17 070)	(37 101)	(36 956)	(42 515)	(49 948)	(49 948)	(49 948)	(41 470)	(32 549)	(34 271)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(41 470)	(32 549)	(34 271)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans										—	—
Borrowing long term/refinancing										—	—
Increase (decrease) in consumer deposits		9	(110)							—	—
Payments											
Repayment of borrowing		(545)	(306)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
NET INCREASE/ (DECREASE) IN CASH HELD		7 051	(2 122)	(19 217)	(12 752)	(15 198)	(15 198)	(15 198)	(27 082)	(17 241)	(19 255)
Cash/cash equivalents at the year begin:	2	46 064	53 115	50 993	33 908	31 776	31 776	31 776	16 578	(10 503)	(27 744)
Cash/cash equivalents at the year end:	2	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(10 503)	(27 744)	(46 999)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF is seeing the cashflow position moving into an undesirable deficit position in the budget year and this deficit increases further over the outer two years.
4. Cash and cash equivalents are in a deficit position of R 10.503 at end 2016/17 financial year and this deficit increase further to R 46.999 million by 2018/19.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	2012/13	Audited Outcome	2013/14	Audited Outcome	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available														
Cash/cash equivalents at the year end	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	16 578	16 578	(10 503)	(27 744)	(46 999)	
Other current investments > 90 days		0	0	0	—	—	—	0	0	0	—	—	—	
Non current assets - investments	1	—	—	—	—	—	—	—	—	—	—	—	—	
Cash and investments available:		53 115	50 993	31 776	21 156	16 578	16 578	16 578	16 578	16 578	(10 503)	(27 744)	(46 999)	
Application of cash and investments														
Unspent conditional transfers		7 225	1 801	349	—	—	—	—	—	—	—	—	—	
Unspent borrowing		—	—	—	—	—	—	—	—	—	—	—	—	
Statutory requirements	2													
Other working capital requirements	3	—	—	—	—	—	—	—	—	—	—	—	—	
Other provisions														
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—	—	—	
Reserves to be backed by cash/investment	5													
Total Application of cash and investments:		7 225	1 801	349	—	—	—	—	—	—	—	—	—	
Surplus (shortfall)		45 890	49 192	31 428	21 156	16 578	16 578	16 578	16 578	16 578	(10 503)	(27 744)	(46 999)	

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is not cash backed and thus not in compliance with the requirements of the MFMA.

Table A9 - Asset Management

EC136 Emalahleni (EC) - Table A9 Asset Management

R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
1	Total New Assets		17 070	37 101	38 585	42 515	49 948	49 948	41 470	32 549	34 271
	<i>Infrastructure - Road transport</i>		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	—
	<i>Infrastructure - Electricity</i>		—	—	—	—	—	—	2 865	9 055	—
	<i>Infrastructure - Other</i>		—	1 192	—	—	—	—	—	—	—
6	Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	23 868	28 691	—
	Community		5 864	6 924	17 654	9 383	7 981	7 981	4 673	1 100	13 501
	Heritage assets		—	—	59	—	—	—	—	—	—
	Investment properties		—	—	1	—	—	—	—	—	—
4	Other assets		3 331	14 444	14 281	20 240	22 528	22 528	12 930	2 758	20 771
	Intangibles		126	—	70	—	—	—	—	—	—
	Total Capital Expenditure										
	<i>Infrastructure - Road transport</i>		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	—
	<i>Infrastructure - Electricity</i>		—	—	—	—	—	—	2 865	9 055	—
	<i>Infrastructure - Other</i>		—	1 192	—	—	—	—	—	—	—
	Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	23 868	28 691	—
	Community		5 864	6 924	17 654	9 383	7 981	7 981	4 673	1 100	13 501
	Heritage assets		—	—	59	—	—	—	—	—	—
	Investment properties		—	—	1	—	—	—	—	—	—
	Other assets		3 331	14 444	14 281	20 240	22 528	22 528	12 930	2 758	20 771
	Intangibles		126	—	70	—	—	—	—	—	—
2	TOTAL CAPITAL EXPENDITURE - Asset class		17 070	37 101	38 585	42 515	49 948	49 948	41 470	32 549	34 271
5	ASSET REGISTER SUMMARY - PPE (WDV)										
	<i>Infrastructure - Road transport</i>		239 979	237 801	226 825	228 983	224 555	224 555	223 130	220 114	197 236
	<i>Infrastructure - Electricity</i>		19 083	18 576	18 064	17 959	17 447	17 447	19 666	28 067	27 407
	<i>Infrastructure - Other</i>		—	3 970	3 970	3 670	3 670	3 670	3 667	3 663	3 660
	Infrastructure		259 061	260 347	248 859	250 612	245 672	245 672	246 462	251 845	228 303
	Community		79 820	87 518	171 846	95 631	110 365	110 365	114 199	114 451	127 095
	Heritage assets		—	124	183	124	183	183	183	183	183
	Investment properties		14 201	8 394	6 433	8 394	6 434	6 434	6 434	6 434	6 434
	Other assets		81 186	75 327	18 576	110 797	108 864	108 864	120 712	122 378	142 046
	Intangibles		255	259	207	88	104	104	104	104	104
	TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	434 523	431 969	446 104	465 646	471 621	471 621	488 093	495 394	504 165
	EXPENDITURE OTHER ITEMS										
3	Depreciation & asset impairment										
	Repairs and Maintenance by Asset Class										
	<i>Infrastructure - Road transport</i>		21 451	31 703	31 314	24 503	24 432	24 432	24 997	25 247	25 499
	<i>Infrastructure - Electricity</i>		7 278	8 712	5 083	12 386	9 973	9 973	7 613	7 176	7 433
	<i>Infrastructure - Water</i>		1 106	1 190	1 569	4 118	3 448	3 448	2 200	2 400	2 515
	<i>Infrastructure - Sanitation</i>		647	1 056	338	4 009	2 379	2 379	1 400	1 550	1 660
	Infrastructure		2 386	2 702	—	—	—	—	—	—	—
	Community		1 086	32	—	—	—	—	—	—	—
	Infrastructure		5 226	4 980	1 907	8 128	5 828	5 828	3 600	3 950	4 175
	Community		86	110	715	100	175	175	750	570	570
	Other assets		1 966	3 622	2 461	4 159	3 971	3 971	3 263	2 656	2 688
	TOTAL EXPENDITURE OTHER ITEMS	6, 7	28 729	40 415	36 398	36 889	34 405	34 405	32 610	32 423	32 932
Renewal of Existing Assets as % of total capex											
Renewal of Existing Assets as % of deprecn"											
R&M as a % of PPE											
Renewal and R&M as a % of PPE											

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

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Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2015.

2015/2016 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
June 2015		
Preparation of the draft SDBIP 2015/2016 and presentation to the Mayor for signature	12 th June 2015	Municipal Manager
Review the of the 2015/16 and compilation of the IDP/PMS Review Process Plans 2016/2017	22 June 2015	Municipal Manager
IDP/PMS and Budget Technical Steering Committee: Presentation and Alignment of the IDP, PMS and Budget review Process Plans with other municipal plans	22 June 2015	Municipal Manager
IDP/PMS and Budget Steering Committee/ Executive Committee - Presentation of the draft IDP/PMS and Budget Review Process Plan 2016 / 2017	25 June 2015	Mayor
Approval and Publication of the SDBIP 2015/2016	30 th June 2015	Mayor Municipal Manager
Presentation of the draft IDP and PMS Review Process Plan 2016 / 2017 to Council for approval	30 June 2015	Mayor
July 2015		
Preparation and finalization of the Annual Performance Report (Section 46) for the 2014/2015 financial year	03 rd July 2015	All Directors Municipal Manager
Advertisement and/or publication of the IDP/PMS Review and Budget Process Plan 2015 / 2016	July 2015	Municipal Manager
Submission of IDP/ PMS Review and Budget Process Plan to the district municipality and other spheres of government	July 2015	Municipal Manager
Inter-Governmental Relations meeting - Formal presentation of the approved IDP, Budget and SDBIP 2015/2016 to stakeholders	16 July 2015	Municipal Manager
Submission of Performance Information for purposes of the Annual Report	17 th July 2015	All Directors Municipal Manager
Preparation and Submission of signed performance agreements for Section 57 Managers to relevant stakeholders	31 July 2015	Municipal Manager
August 2015		
Preparation of the draft annual report 2013 / 2014	02 – 21 August 2015	Municipal Manager
IDP Rep Forum: Presentation of SDBIP and Process Plan	18 August 2015	Mayor
Submission of the draft annual report 2014/2015 with annual financial statements to the Audit / Performance Audit Committee for review	20 th August 2015	Chief Financial Officer Municipal Manager
Tabling of the unaudited Annual Report in Council for noting	31 August 2015	Mayor
Submit draft previous financial year Annual Report and evidence to internal and the Auditor General including annual financial statements and financial and non-financial information	31 August 2015	Municipal Manager Chief Financial Officer
Municipality submits annual report including final annual financial statements and annual performance report to Auditor General for Auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of Council's directive on service delivery and the	27 August 2015	Municipal Manager Chief Financial Officer and All Directors

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
committee to evaluate senior managers performance against agreement entered into		
September 2015		
IDP/BUDGET Steering Committee -	03 September 2015	Mayor
IDP/PMS and Budget Technical Committee – Presentation of the Situational Analysis under review (Situational analysis review phase commence)	10 September 2015	Municipal Manager
Auditor General audits the unaudited annual report and submit an audit report to the accounting officer of the municipality	October/November 2015	Municipal Manager
October 2015		
Submission of Performance reports and performance information of the first quarter	02 October 2015	All Directors
IDP/PMS and Budget Technical Steering Committee: presentation of the first quarterly performance analysis report	15 October 2015	Municipal Manager
Submission of the Performance Report of the institution to the Office of the Mayor	16 October 2015	Municipal Manager
Special Council Meeting: Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process	28 October 2015	Mayor MPAC Chairperson
IDP Rep Forum Presentation quarter performance and Situational Analysis under review (Situational analysis review phase commence)	29 October 2015	Mayor
November 2015		
IDP/PMS and Budget Technical Steering Committee – presentation and discussion of the situational analysis. Launch of the second phase of the IDP (Review of the objectives and strategies commences); Preparation of the Audit Action Plan 2014/2015	04 November 2015	Municipal Manager Chief Financial Officer
Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process	09 - 13 November 2015	Mayor
Oversight Committee finalises assessment on the annual report	10 th November 2015	Municipal Manager
Tabling of the audited annual report and financial statements to Council	20 th November 2015	Mayor
Annual Report is made available for inspection by the public	25 th November 2015	Mayor
IDP/PMS and Budget Representative Forum – Presentation of the audited annual report 2014/2015, draft reviewed situation analysis, objectives, strategies and indicators (IDP 2016/2017). Presentation of the 1 st quarterly performance (July to September 2015)	26 November 2015	Mayor

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
December 2015		
Logistical arrangements on the review of the mid-year performance reports, assessment of performance and review of the service delivery and budget implementation plans	01 – 04 December 2015	Municipal Manager
Budget Steering Committee	02 December 2015	Mayor
Council adopts Oversight report	15 th December 2015	Municipal Council
Oversight Report is available for inspection by the public	15 th December 2015	Municipal Manager
Oversight report is submitted to Auditor-General, Provincial Treasury and Department of Cooperative Government-EC	15 th December 2015	Mayor Municipal Manager
January 2016		
Submission of Performance reports and performance information – mid-year performance	08 January 2016	All Directors
IDP/PMS and Budget Technical Steering committee to present and discuss draft objectives and strategies. Launch of the third phase of the IDP (Discussions on the projects commences)	14 January 2016	Municipal Manager All Directorates
Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Presentation of the mid-year performance report; Review SDBIP 2015/2016, prepare draft SDBIP 2016 / 2017;	20 - 22 January 2016	Municipal Manager All Directors
Submission of the Mid-Year performance report 2015/2016 to the Mayor	25 January 2016	Municipal Manager
Presentation of reviewed SDBIP 2015/2016 to the Mayor for approval	29 January 2016	Municipal Manager
SPECIAL COUNCIL MEETING: Table in a council meeting, mid-year assessment report 2015 / 2016	29 January 2016	Municipal Manager, Mayor
February 2016		
Submission of mid-year performance reports to the Sector Departments (National / Provincial Treasury and the EC-CoGTA	05 February 2016	Municipal Manager
IDP Rep Forum – Presentation of the mid-year performance report, draft reviewed IDP objectives, strategies and indicators, Mid-Year Performance, Audit Outcome, allocations to be considered if necessary.	03 February 2016	Mayor
IDP/PMS and Budget Technical steering committee to discuss and finalize draft projects and submission of reviewed sector plans; draft adjustment budget	24 February 2016	Municipal Manager
SPECIAL COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	29 February 2016	Municipal Manager, Mayor
March 2016		
Presentation of draft Reviewed IDP 2016 / 2017 to IDP/PMS and Budget Technical committee and alignment of budget	15 March 2016	Municipal Manager
Budget Steering Committee meeting for presentation of Draft	15 March 2016	Mayor

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
IDP and Draft Budget		
Submission of draft directorate SDBIPs 2016 / 2017 for consolidation	17 March 2016	All Directors
IDP/PMS and Budget Steering Committee: Presentation of draft 1 st Draft IDP 2016/2017 (4 th Review); review progress	23 rd March 2016	Mayor
Inter-Governmental Relations – Consultation on the 1 st draft Reviewed IDP 2016 / 2017	24 March 2016	Municipal Manager
Special Council Meeting – Presentation of the 1st draft IDP 2016 / 2017 (4th Review)	31 March 2016	Mayor
April 2016		
IDP advertised for public comments, public meetings and consultation schedule	01 April 2016	Municipal Manager
Submission of adopted Draft IDP and budget to the Office of the Premiers, Provincial and National Treasury, District Municipality and the MEC for EC-CoGTA	07 April 2016	Municipal Manager
Submission of Performance reports and performance information of the third quarter	07 April 2016	All Directors
IDP, Budget and PMS Road shows	04 – 22 April 2016	Mayor
IDP Representative Forum– presentation on the final draft Reviewed IDP and Budget 2016 / 2017; and tariffs	22 April 2016	Mayor
May 2016		
IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 rd quarter	05 th May 2016	Municipal Manager
IGR Final Submission of inputs from Sector Departments	10 May 2016	Municipal Manager
IDP/PMS and Budget Steering Committee: Presentation of Final Draft IDP	12 May 2016	Mayor
IDP and Budget Workshop for Councillors and Traditional leaders on the final draft Reviewed IDP 2016 / 2017	26 May 2016	Municipal Manager
State of the Municipal Address: Reviewed IDP 2015/2016 & Budgets approved by Council	26 May 2016	Mayor
June 2016		
Submission of the approved Reviewed IDP and Budget 2016 / 2017 to the National, Provincial Treasury department, MEC for EC-CoGTA and the district municipality	10 June 2016	Municipal Manager
Budget Steering Committee presentation of the SDBIP for 2016/2017 Financial Year and Process Plan	15 June 2016	Mayor
IDP/ PMS and Budget Technical Steering Committee to finalize the service delivery and budget implementation plans for 2016 / 2017	22 June 2016	Mayor
Strategic planning session for the assessment of annual performance and development of the 5 year performance report of the institution and; development processes of the new 5 year strategic plan 2017 – 2022	27 - 29 June 2016	Municipal Manager
Special Council Meeting	30 June 2016	Mayor

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fifth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2015/16 Financial Year	2016/17 MTREF
1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. To have a transparent and performance driven organisation (KPA Good governance and public participation)	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. To implement good financial management (KPA Financial management and viability)	5. To implement good financial management (KPA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand				33 337	38 024	44 939	52 771	52 278	52 278	49 978	53 048	56 706		
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)													
Financial Viability	To implement good financial management (KA Financial management and viability)			18 816	29 464	26 877	29 221	31 854	31 854	31 384	33 316	35 024		
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			16 612	27 331	20 453	22 670	24 374	24 374	24 920	25 507	27 334		
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			84 971	101 013	90 122	97 840	94 707	94 707	83 017	80 267	79 536		
Allocations to other priorities														
Total Expenditure		1		153 737	195 833	182 391	202 502	203 213	203 213	189 299	192 139	198 600		

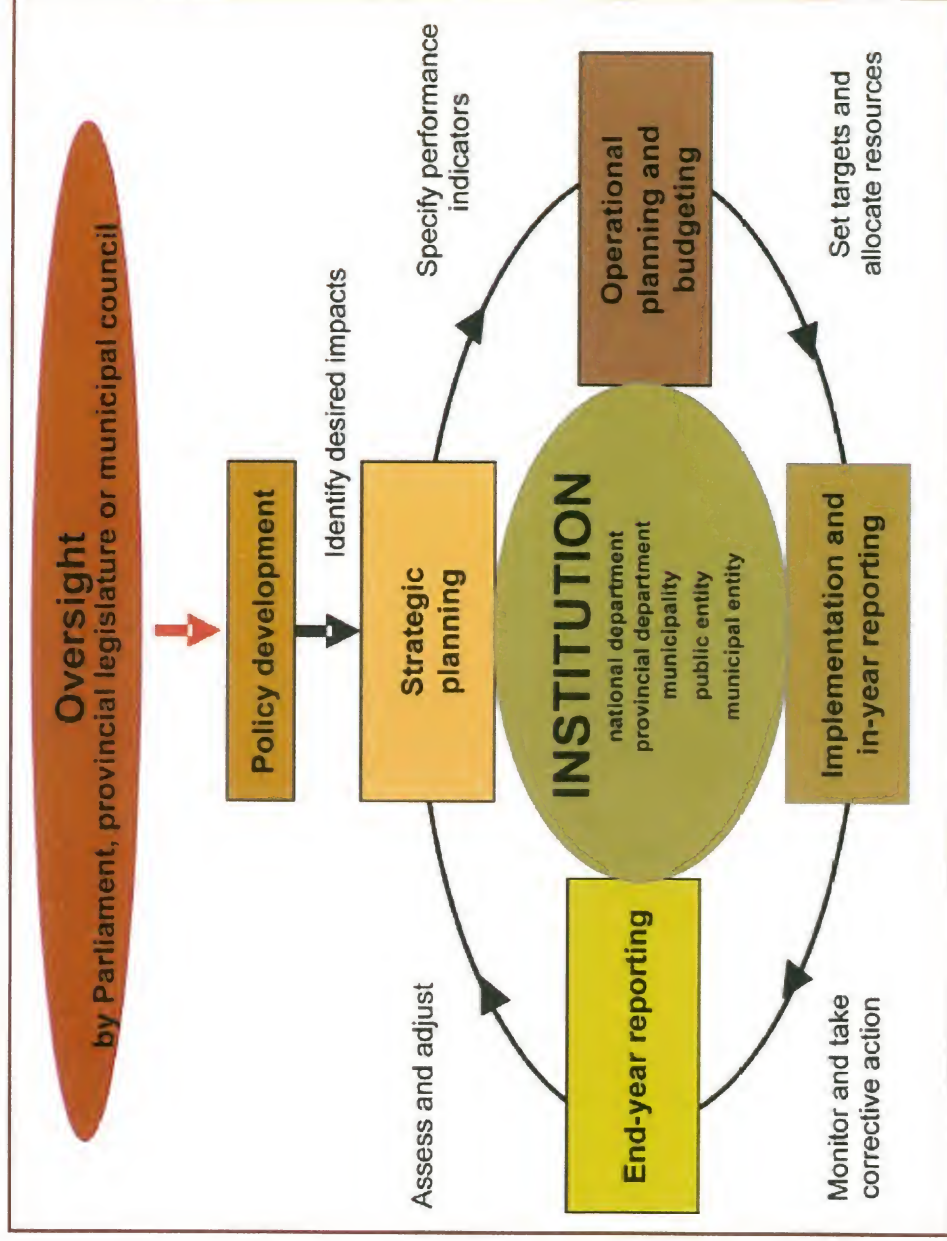
MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC136 Emalahleni (EC) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)																		
Strategic Objective	Goal	Goal Code	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																		
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)	A		597	942	8 473	3 110	14 195	14 195	6 700	—	—	—	—	—	—	—	
Financial Viability	To implement good financial management (KA Financial management and viability)	B																
		C		672	1 648	2 371	260	838	838	—	—	—	—	—	—	—	—	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	D																
		E		7 727	8 787	18 648	14 663	14 266	14 266	6 414	2 858	34 271						
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	F																
		G		8 074	25 725	9 093	24 483	20 650	20 650	28 356	29 691	—						
Allocations to other priorities		H																
			3															
Total Capital Expenditure			1	17 070	37 101	38 585	42 515	49 948	49 948	41 470	32 549	34 271						

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

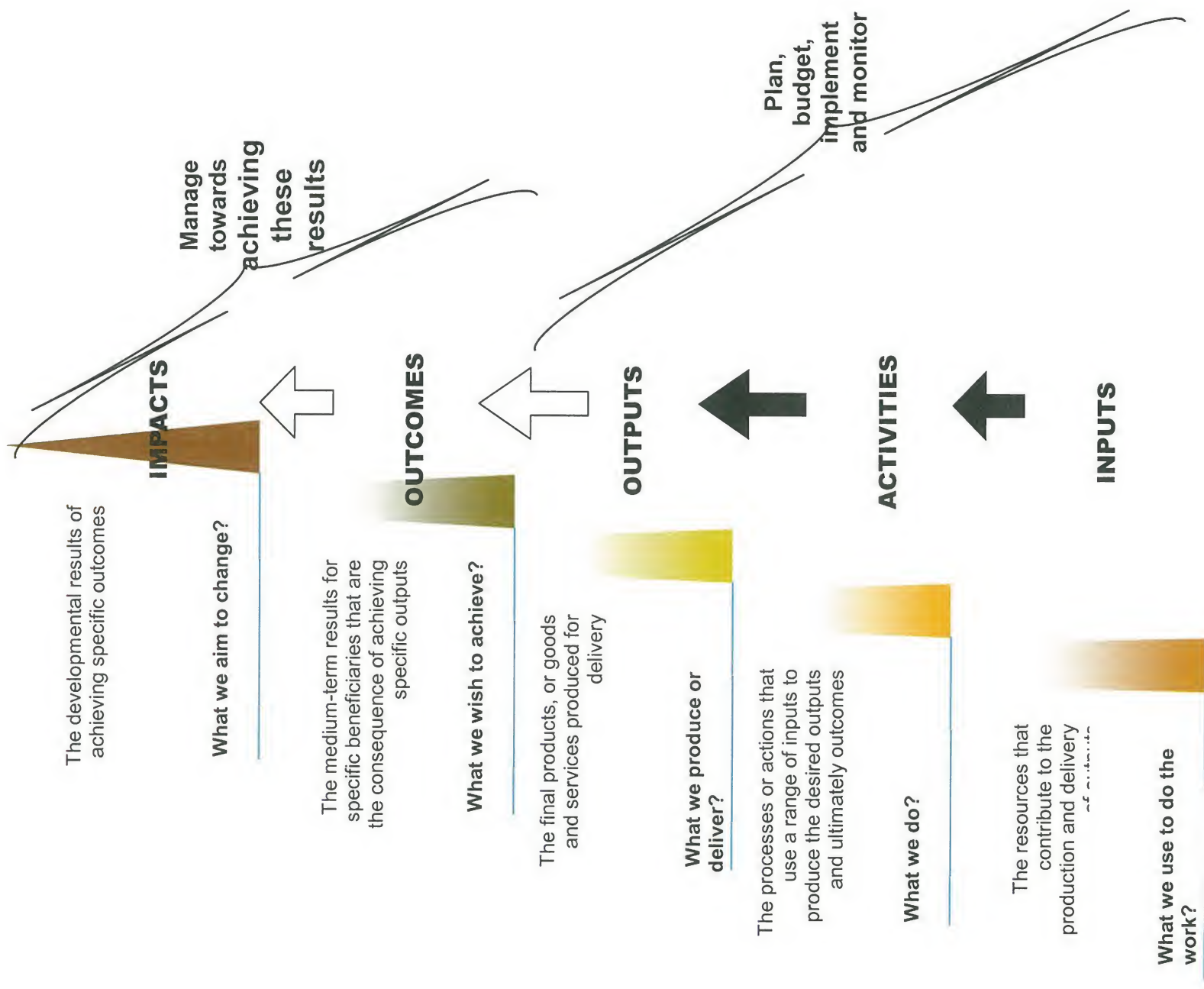
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA8 - Performance indicators and benchmarks

EC136 Emalahleni (EC) - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome		
<u>Borrowing Management</u>										
Credit Rating		0.008	0.005							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	0.5%	0.7%	0.4%	0.4%	0.4%	0.4%	0.6%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.4%	1.6%	4.3%	2.5%	2.8%	2.8%	2.8%	4.2%	1.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	3.8	2.9	1.5	1.9	1.1	1.1	1.1	0.8	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	3.8	2.9	1.5	1.9	1.1	1.1	1.1	0.8	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	3.0	2.1	0.9	1.2	0.4	0.4	0.4	-	-
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing									
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	58.1%	-2.8%	106.2%	37.2%	37.2%	37.2%	54.8%	53.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.6%	11.6%	17.1%	6.2%	16.3%	16.3%	16.3%	23.8%	39.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	9.5%	10.3%							
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		8.5%	29.6%	49.7%	46.7%	121.2%	121.2%	121.2%	-188.0%	-52.6%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	7604645	6108588	5605540	5605640	5605640	5605640	5605640	5605640	5605640
	Total Cost of Losses (Rand '000)	7 792	5 986	5 494	5 494	5 494	5 494	5 494	5 494	5 494
	% Volume (units purchased and generated less units sold)/units purchased and generated	58%	46%	39%	39%	39%	39%	39%	39%	39%
	Total Volume Losses (kV)	-	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	-	-	-	-	-	-	-	-	-
	Employee costs/(Total Revenue - capital revenue)	32.2%	29.1%	30.5%	34.2%	31.7%	31.7%	31.7%	39.6%	42.5%
	Total remuneration/(Total Revenue - capital revenue)	38.9%	35.2%	37.6%	40.4%	38.0%	38.0%	38.0%	47.1%	50.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.4%	5.4%	3.6%	7.2%	5.8%	5.8%	5.8%	4.9%	4.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.3%	20.0%	22.8%	14.6%	14.4%	14.4%	14.4%	16.5%	15.7%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.4	8.3	5.7	3.8	3.8	3.8	6.7	5.4	6.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	68.2%	74.5%	153.9%	51.4%	159.5%	159.5%	159.5%	196.5%	306.7%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational ex penditure	6.5	5.1	3.4	2.0	1.6	1.6	1.6	(0.9)	(3.6)

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.4 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum..
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit

control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financial as a going concern conservative approach in order to cater for the current negative economic climate.

1.10.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.5 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 1 450 registered indigents have been provided for in the budget for refuse subsidisation whilst 5 700 are budgeted for electricity subsidisation. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy has been reviewed in March 2016. The amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2016 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro economic targets;

- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (45 per cent) of annual billings. Cash flow is assumed to be 55 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 78 of National Treasury was also used during the compilation of budget accordingly.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

EC136 Emalahleni (EC) - Table A1 Budget Summary											
Description		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands											
<u>Financial Performance</u>											
	Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 664	4 939
	Service charges	14 914	21 381	11 180	16 815	12 754	12 754	12 754	13 742	14 678	15 590
	Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	3 399	2 327	2 461	3 373
	Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	145 427	129 829	131 801	133 254
	Other own revenue	29 217	36 260	9 360	6 776	6 916	6 916	6 916	6 353	6 736	7 822
	Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	173 082	172 640	172 640	172 640	156 642	160 341	164 978

SA15 – Detail Investment Information

EC136 Emalahleni (EC) - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<u>Parent municipality</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		-	41 614	28 563	20 579	16 578	16 578	-	-	-
Deposits - Public Investment Commssioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endow ment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality total	1	-	41 614	28 563	20 579	16 578	16 578	-	-	-

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below gives a clear indication that the municipality is going into cashflow difficulties within the MTREF period. The table improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 - Budget cash flow statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description		Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework				
R thousand			Audited Outcome	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			3 194	3 218	3 719	2 851	1 446	1 446	1 446	2 591	2 399	2 540
Service charges			14 914	11 063	(4 130)	18 787	4 843	4 843	4 843	7 302	8 147	9 587
Other revenue			5 339			4 095	2 392	2 392	2 392	2 494	2 402	2 544
Government - operating	1		85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Government - capital	1		23 095	22 739	28 981	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Interest			9 301	6 500	7 280	4 867	7 513	7 513	7 513	5 590	5 458	5 780
Dividends												
Payments												
Suppliers and employees			(116 356)	(106 429)	(130 520)	(146 080)	(157 136)	(157 136)	(157 136)	(159 260)	(163 668)	(171 688)
Finance charges			(244)	(137)	(58)	(730)	(500)	(500)	(500)	(850)	(837)	(886)
Transfers and Grants	1		-			(28 390)	-	-	-	(3 672)	(3 888)	(4 181)
NET CASH FROM/(USED) OPERATING ACTIVITIES			24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 054	15 296	10 320
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE				-			410	410	410	-	-	-
Decrease (Increase) in non-current debtors				-				-	-	-	-	-
Decrease (increase) other non-current receivables								-	-	-	-	-
Decrease (increase) in non-current investments								-	-	-	-	-
Payments												
Capital assets			(17 070)	(37 101)	(36 956)	(42 515)	(49 948)	(49 948)	(49 948)	(39 912)	(32 924)	(34 013)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(39 912)	(32 924)	(34 013)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans												
Borrowing long term/refinancing												
Increase (decrease) in consumer deposits		9	(110)									
Payments												
Repayment of borrowing			(545)	(306)	(414)	(5)	(260)	(260)	(260)	(263)		
NET CASH FROM/(USED) FINANCING ACTIVITIES			(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)		
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:	2	7 051	(2 122)	(19 217)	(12 752)	(15 198)	(15 198)	(15 198)	(15 198)	(25 121)	(17 628)	(23 693)
Cash/cash equivalents at the year end:	2	46 064	53 115	50 993	33 908	31 776	31 776	31 776	31 776	16 578	(8 543)	(26 171)
	2	53 115	50 993	31 776	21 156	16 578	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)
Other current investments > 90 days		0	0	0	-	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)
<u>Application of cash and investments</u>											
Unspent conditional transfers		7 225	1 801	349	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/invest	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investment		7 225	1 801	349	-	-	-	-	-	-	-
Surplus(s hortfall)		45 890	49 192	31 428	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)

From the above table it can be seen that the cash and investments available total to a deficit of R 8.543 million in the 2016/17 financial year and quickly worsens to a deficit of R 49.863 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

EC136 Emalaheni (EC) Supporting Table SA10 Funding measurement															
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Budget						
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
Funding measures															
Cash/cash equivalents at the year end - R000	18(1)b	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)			
Cash + investments at the yr end less applications - R000	18(1)b	2	47 795	38 545	15 208	21 522	6 908	6 908	7 296	(6 401)	(16 542)	(34 881)			
Cash year end/monthly employee/supplier payments	18(1)b	3	6.5	5.1	3.4	2.0	1.6	1.6	1.6	(0.8)	(2.3)	(4.2)			
Surplus/(Deficit) excluding depreciation offsets: R000	18(1)	4	2 658	(5 329)	(11 157)	1 194	42	42	(797)	(831)	(1 541)	(9 146)			
Service charge rev % change - macro CPX target exclusive	18(1)a(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	52.7%	78.2%	91.1%	6.4%	13.6%	13.6%	14.3%	14.6%	7.7%	7.3%			
Capital payments % of capital expenditure	18(1)c:19	8	100.0%	100.0%	95.8%	100.0%	100.0%	104.9%	104.9%	102.4%	101.2%	99.2%			
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%			
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	45.7%	27.3%	(55.1%)	160.3%	0.0%	0.0%	33.0%	27.1%	20.8%			
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.7%	2.1%	1.2%	2.7%	2.1%	2.1%	1.6%	1.6%	2.5%	2.6%			
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			

1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the

cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF and outer years the municipality has a small deficit that increase in the outer years. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 55 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14 per cent over the MTREF.

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.14 Expenditure on grants and reconciliations of unspent funds

SA19 - Expenditure on transfers and grant programmes

EC136 Emalahleni (EC) - Supporting Table SA19 Expenditure on transfers and grant programme											
R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:		1									
	Operating expenditure of Transfers and Grants										
	National Government:		82 270	94 165	108 538	142 953	142 953	142 953	128 929	130 901	132 354
	Local Government Equitable Share		69 797	78 749	92 038	116 537	116 537	116 537	114 599	121 843	127 950
	Municipal Infrastructure Grant (MIG) - Operating		-	880	1 549	1 611	1 611	1 611	1 588	1 713	1 804
	Local Government Financial Management Grant (FMG)		1 379	1 650	1 800	1 875	1 875	1 875	2 010	2 345	2 600
	Municipal Systems Improvement Grant (MSG)		736	890	934	930	930	930	-	-	-
	Integrated National Electrification Grant (INEP)		9 000	10 996	11 000	21 000	21 000	21 000	9 317	5 000	-
	Extended Public Works Program (EPWP)		1 358	1 000	1 217	1 000	1 000	1 000	1 415	-	-
	Provincial Government:		441	831	2 570	800	1 074	1 074	900	900	900
	Library		441	831	1 131	800	1 074	1 074	900	900	900
	Waste Management Grant		-	-	1 343			-			
	LED				96						
	District Municipality:		2 705	3 446	1 773	-	1 400	1 400	-	-	-
	CHDM Cleaning program				202	-	-	-	-	-	-
	CHDM Revenue Enhancement				106	-	-	-	-	-	-
	CHDM Paving and beautification				1 465	-	1 000	1 000	-	-	-
	Greenest Municipality Grant				-	-	200	200	-	-	-
	IT Support Grant				-	-	200	200	-	-	-
	CHDM Other		2 705	3 446	-	-	-	-	-	-	-
	Other grant providers:		-	-	-	-	-	-	-	-	-
	[insert description]										
	Total operating expenditure of Transfers and Grant		85 415	98 441	112 881	143 753	145 427	145 427	129 829	131 801	133 254
	Capital expenditure of Transfers and Grants										
	National Government:		20 793	28 198	30 399	30 615	30 615	30 615	32 670	32 549	34 271
	Municipal Infrastructure Grant (MIG)		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
	Public Transport and Systems								2 500		
	Total capital expenditure of Transfers and Grants		20 793	28 198	30 399	30 615	30 615	30 615	32 670	32 549	34 271
	TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		106 208	126 640	143 280	174 368	176 042	176 042	162 499	164 350	167 525

SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC136 Emalahleni (EC) - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds																	
R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	<u>Operating transfers and grants:</u>	1,3															
	National Government:																
	Balance unspent at beginning of the year		1 539	43	43												
	Current year receipts		82 270	94 165	108 538	142 953	142 953	142 953	128 929	130 901	132 354						
	Conditions met - transferred to revenue		82 270	94 165	108 538	142 953	142 953	142 953	128 929	130 901	132 354						
	Conditions still to be met - transferred to liabilities		1 539	43	43												
	Provincial Government:																
	Balance unspent at beginning of the year		2 309	728	306												
	Current year receipts		441	831	2 570	800	1 074	1 074	900	900	900						
	Conditions met - transferred to revenue		441	831	2 570	800	1 074	1 074	900	900	900						
	Conditions still to be met - transferred to liabilities		2 309	728	306												
	District Municipality:																
	Balance unspent at beginning of the year		860														
	Current year receipts		2 705	3 446	1 773		1 400	1 400	-	-	(0)						
	Conditions met - transferred to revenue		2 705	3 446	1 773	-	1 400	1 400	-	-	(0)						
	Conditions still to be met - transferred to liabilities		860														
	Other grant providers:																
	Balance unspent at beginning of the year																
	Current year receipts																
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-						
	Conditions still to be met - transferred to liabilities																
	Total operating transfers and grants revenue		85 415	98 441	112 881	143 753	145 427	145 427	129 829	131 801	133 254						
	Total operating transfers and grants - CTBM	2	4 708	771	349	-	-	-	-	-	-						
	<u>Capital transfers and grants:</u>	1,3															
	National Government:																
	Balance unspent at beginning of the year		2 518	721													
	Current year receipts		20 793	28 198	30 399	30 615	30 615	30 615	32 670	32 549	34 271						
	Conditions met - transferred to revenue		20 793	28 198	30 399	30 615	30 615	30 615	32 670	32 549	34 271						
	Conditions still to be met - transferred to liabilities		2 518	721													
	Total capital transfers and grants revenue		20 793	28 198	30 399	30 615	30 615	30 615	32 670	32 549	34 271						
	Total capital transfers and grants - CTBM	2	2 518	721	-	-	-	-	-	-	-						
	TOTAL TRANSFERS AND GRANTS REVENUE		106 208	126 640	143 280	174 368	176 042	176 042	162 499	164 350	167 525						
	TOTAL TRANSFERS AND GRANTS - CTBM		7 226	1 492	349	-	-	-	-	-	-						

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (EC) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Expenditure Framework			2016/17 Medium Term Revenue & Expenditure Framework
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	1	A	B	C	D	E	F	G	H	I	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		9 101	9 812	10 104	10 739	10 896	10 896	10 947	11 714	12 533	
Cellphone Allowance								780	835	894	
Sub Total - Councillors		9 101	9 812	10 104	10 739	10 896	10 896	11 728	12 549	13 427	
% increase	4		7.8%	3.0%	6.3%	1.5%	–	7.6%	7.0%	7.0%	
Senior Managers of the Municipality											
Basic Salaries and Wages		7 171	6 371	6 392	6 866	7 146	7 146	7 843	8 628	9 490	
Performance Bonus		115	(2 303)	582	97		–	1 061	1 168	1 284	
Other benefits and allowances	3			332							
Post-retirement benefit obligations	6			1 135							
Sub Total - Senior Managers of Municipality		7 285	4 068	8 441	6 963	7 146	7 146	8 905	9 795	10 775	
% increase	4		(44.2%)	107.5%	(17.5%)	2.6%	–	24.6%	10.0%	10.0%	
Other Municipal Staff											
Basic Salaries and Wages		26 431	29 907	25 746	33 338	32 795	32 795	38 341	42 115	46 291	
Pension and UIF Contributions		3 245	3 780	3 888	6 197	5 467	5 467	6 280	6 900	7 569	
Medical Aid Contributions		949	1 298	1 323	2 049	1 932	1 932	2 145	2 357	2 582	
Overtime		1 070	1 503	846	993	1 008	1 008	925	1 014	1 113	
Performance Bonus		–	–	(582)	–	820	820	1 061	1 168	1 284	
Motor Vehicle Allowance	3	653	884	1 144	2 855	2 299	2 299	2 366	2 603	2 863	
Cellphone Allowance	3	283	468	90	432	188	188	176	193	213	
Housing Allowances	3	140	143	92	490	117	117	65	71	78	
Other benefits and allowances	3	328	430	1 925	560	2 736	2 736	758	833	917	
Payments in lieu of leave		369	1 817	–	1 928	–	–	134	148	162	
Long service awards		316	241	290	260	260	260	272	300	330	
Post-retirement benefit obligations	6	2 614	2 757	(421)	3 143	–	–	587	646	710	
Sub Total - Other Municipal Staff		36 399	43 227	34 341	52 244	47 621	47 621	53 111	58 347	64 113	
% increase	4		18.8%	(20.6%)	52.1%	(8.8%)	–	11.5%	9.9%	9.9%	
Total Parent Municipality											
		52 786	57 106	52 886	69 946	65 664	65 664	73 743	80 691	88 314	
			8.2%	(7.4%)	32.3%	(6.1%)	–	12.3%	9.4%	9.4%	
TOTAL SALARY, ALLOWANCES & BENEFITS											
		52 786	57 106	52 886	69 946	65 664	65 664	73 743	80 691	88 314	
% increase	4		8.2%	(7.4%)	32.3%	(6.1%)	–	12.3%	9.4%	9.4%	
TOTAL MANAGERS AND STAFF											
	5.7	43 685	47 295	42 783	59 207	54 768	54 768	62 015	68 142	74 887	

SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC136 Emalahleni (EC) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum								
Councillors	3							
Speaker	4	1	651 891		22 955			674 845
Chief Whip		1	611 148		22 955			634 103
Executive Mayor		1	814 863		22 955			837 818
Deputy Executive Mayor								–
Executive Committee		4	2 169 575		91 820			2 261 395
Total for all other councillors		27	6 699 761		619 785			7 319 546
Total Councillors	8	34	10 947 238	–	780 469			11 727 708
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 641 318	1 880		208 895		1 852 093
Chief Finance Officer			1 281 893	14 699		179 465		1 476 057
Director - Corporate Services			1 233 215	14 212		156 955		1 404 382
Director - IPED			1 228 919	13 052		172 049		1 414 020
Director: Infrastructure and Human Settlements			1 228 919	14 169		172 049		1 415 137
Director - Community			1 228 919	1 880		172 049		1 402 847
								–
Total Senior Managers of the Municipality	8,10	–	7 843 183	59 892	–	1 061 461		8 964 536
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	34	18 790 421	59 892	780 469	1 061 461	–	20 692 243

SA24 – Summary of personnel numbers

EC136 Emalahleni (EC) - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			34	-	34			34	34	-	34
Municipal employees	5										
Municipal Manager and Senior Managers	3		6	-	6			6	6	-	6
Other Managers	7		10	-	1		10	1	11	10	1
Professionals			6	6	-		42	2	44	42	2
Finance			3	3	-		3	-	3	3	-
Spatial/town planning			1	1	-		1	-	1	1	-
Information Technology			1	1	-		1	-	1	1	-
Roads			-	-	-		1	-	1	1	-
Electricity			-	-	-		1	-	1	1	-
Refuse			1	1	-		1	-	1	1	-
Other											
Technicians			11	11	-		15	-	15	15	-
Finance			7	7	-		7	-	7	7	-
Spatial/town planning							1	-	1	1	-
Information Technology			1	1	-		1	-	1	1	-
Roads			1	1	-		1	-	1	1	-
Electricity			1	1	-		1	-	1	1	-
Refuse			1	1	-		1	-	1	1	-
Other			-	-	-		3	-	3	3	-
Clerks (Clerical and administrative)							40	-	40	40	-
Service and sales workers			38	38	-						
Skilled agricultural and fishery workers			-	-	-		1	-	1	1	-
Plant and Machine Operators			5	5	-		5	-	5	5	-
Elementary Occupations			78	78	2		85	2	85	83	2
TOTAL PERSONNEL NUMBERS	9		188	138	43		241	45	241	196	45
% increase							28.2%	42.0%	4.7%	-	-
Total municipal employees headcount	6, 10		192	142	43		241	45	241	196	45
Finance personnel headcount	8, 10		17	18	1		24	-	24	24	-
Human Resources personnel headcount	8, 10		7	7	-		8	-	8	8	-

[illegible]

BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC136 Emalahleni (EC) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)												
Description	Ref	Budget Year 2016/17										
		July	August	Sept.	October	November	December	January	February	March	April	May
R thousand												June
Revenue by Vote		538	538	538	538	538	538	538	538	538	538	538
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate services		9 860	9 860	9 860	9 860	9 860	9 860	9 860	9 860	9 860	9 860	9 860
Vote 3 - Budget and Treasury		1	1	1	1	1	1	1	1	1	1	1
Vote 4 - Economic Development, tourism and agriculture		756	756	756	756	756	756	756	756	756	756	756
Vote 5 - Community and Social Services		4 622	4 622	4 622	4 622	4 622	4 622	4 622	4 622	4 622	4 622	4 622
Vote 6 - Infrastructure and Human Settlement		15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776
Total Revenue by Vote		15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776	15 776
Expenditure by Vote to be appropriated		2 642	2 642	2 642	2 642	2 642	2 642	2 642	2 642	2 642	2 642	2 642
Vote 1 - Executive and Council		1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523
Vote 2 - Corporate services		2 615	2 615	2 615	2 615	2 615	2 615	2 615	2 615	2 615	2 615	2 615
Vote 3 - Budget and Treasury		469	469	469	469	469	469	469	469	469	469	469
Vote 4 - Economic Development, tourism and agriculture		2 309	2 309	2 309	2 309	2 309	2 309	2 309	2 309	2 309	2 309	2 309
Vote 5 - Community and Social Services		6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217
Vote 6 - Infrastructure and Human Settlement		15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775
Total Expenditure by Vote		15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775	15 775
Surplus/(Deficit) before assoc.		1	1	1	1	1	1	1	1	1	1	1
		198 600	192 139	189 299	192 139	198 600	192 139	189 299	192 139	198 600	192 139	189 299

[illegible]

A29 - Budgeted monthly capital expenditure (standard classification)

EC136 Emalahleni (EC) - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description		Ref	Budget Year 2016/17													
			Medium Term Revenue and Expenditure Framework													
Thousands	July	August	Sept.	Octobe r	Nov.	Dec.	Januar y	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Capital Expenditure - Standard	1	558	558	558	558	558	558	558	558	558	558	558	558	6 700	—	—
Governance and administration		375	375	375	375	375	375	375	375	375	375	375	375	4 500	—	—
Executive and treasury office		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Budget and treasury office		183	183	183	183	183	183	183	183	183	183	183	183	2 200	—	—
Corporate services		535	535	535	535	535	535	535	535	535	535	535	535	6 414	2 858	34 271
Community and public safety		535	535	535	535	535	535	535	535	535	535	535	535	6 414	2 858	34 271
Community and social services		535	535	535	535	535	535	535	535	535	535	535	535	—	—	—
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	21 002	19 636	—
Planning and development		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Road transport		1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	21 002	19 636	—
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		613	613	613	613	613	613	613	613	613	613	613	613	7 354	10 055	—
Electricity		239	239	239	239	239	239	239	239	239	239	239	239	2 865	9 065	—
Waste management		374	374	374	374	374	374	374	374	374	374	374	374	4 488	1 000	—
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	2	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	41 470	32 549	34 271	—
Funded by:																
National Government		2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	32 670	32 549	34 271
Provincial Government		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital		2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	2 723	32 549	34 271	—
Public contributions & donations		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Internally generated funds		733	733	733	733	733	733	733	733	733	733	733	733	8 800	—	—
Total Capital Funding		3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	3 456	41 470	32 549	34 271	—

SA30 - Budgeted monthly cash

EC136 Emaahlelani (EC) - Supporting Table SA30 Budgeted monthly cash flow												
MONTHLY CASH FLOWS	R thousands	Budget Year 2016/17										
		Medium Term Revenue and Expenditure Framework										
		Budget Year +2 2018/19	Budget Year +1 2017/18	Budget Year 2016/17	June	May	April	March	February	January	December	November
Cash Receipts By Source	Property rates	193	193	193	193	193	193	193	193	193	193	193
	Service charges - electricity revenue	447	447	447	447	447	447	447	447	447	447	447
	Service charges - refuse revenue	188	188	188	188	188	188	188	188	188	188	188
	Interest earned - external investments	194	194	194	194	194	194	194	194	194	194	194
	Interest earned - outstanding debtors	121	121	121	121	121	121	121	121	121	121	121
	Fines	10	10	10	10	10	10	10	10	10	10	10
	Licences and permits	69	69	69	69	69	69	69	69	69	69	69
	Agency services	112	112	112	112	112	112	112	112	112	112	112
	Transfer receipts - operational	43 276	43 276	43 276	43 276	43 276	43 276	43 276	43 276	43 276	43 276	43 276
	Other revenue	41	41	41	41	41	41	41	41	41	41	41
Cash Receipts by Source	44 652	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
	44 652	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
	10 890											
	10 890											
	55 542	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
	55 542	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
	Total Cash Receipts by Source	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542
	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542	55 542
	10 890											
	10 890											
Other Cash Flows by Source	Transfer receipts - capital											
	34 271	32 549	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670
	34 271	32 549	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670	32 670
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85	51 85
Cash Payments by Type	Employee related costs	5 168	5 168	5 168	5 168	5 168	5 168	5 168	5 168	5 168	5 168	5 168
	Remuneration of councillors	977	977	977	977	977	977	977	977	977	977	977
	Finance charges	71	71	71	71	71	71	71	71	71	71	71
	Bulk purchases - Electricity	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554
	Contracted services	330	330	330	330	330	330	330	330	330	330	330
	Transfers and grants - other	306	306	306	306	306	306	306	306	306	306	306
	Other expenditure	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185
	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185
	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185
	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185	5 185
Other Cash Flows/Payments by Type	Capital assets	7 883	7 883	7 883	7 883	7 883	7 883	7 883	7 883	7 883	7 883	7 883
	Repayment of borrowing											
	21 474	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672
	21 474	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672	16 672
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
	34 068	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)	(15 338)
NET INCREASE/DECREASE IN CASH HELD		34 068	34 068	34 068	34 068	34 068	34 068	34 068	34 068	34 068	34 068	34 068
Cash/cash equivalents at the month/year end:		50 646	50 646	50 646	50 646	50 646	50 646	50 646	50 646	50 646	50 646	50 646
Cash/cash equivalents at the month/year begin:		16 578	16 578	16 578	16 578	16 578	16 578	16 578	16 578	16 578	16 578	16 578
Cash/cash equivalents at the month/year end:		(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)	(25 147)

1.17 Capital expenditure details

SA36 - Detailed capital budget per municipal vote

EC136 Emalahleni (EC) - Supporting Table SA36 Detailed capital budget

EC136 Emalahleni (EC) - Supporting Table SA36 Detailed capital budget																			
Municipal Vote/Capital project	Ref	Parent municipality:	R thousands and	4	Program/Project description	Project number	IDP Goal code	Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Estimate	Audited Outcome 2015/16	Prior year	2016/17 Medium Term Revenue & Expenditure Framework	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
														Current Year 2015/16 Full Year Forecast					
Vote 5 - Community and Social Services		MIG:SPORTSFIELD CONSTRUCTION	9000/4607/0000	Yes	Community	Sportsfields & stadia	new	6 962	4 964	1 998									
Vote 5 - Community and Social Services		MIG:TRAFIC STATION;	9000/4611/0000	Yes	Other assets	Civic Land and Buildings	new	11 453	3 881	71									
Vote 5 - Community and Social Services		MIG:CEMETRIES;	9000/4613/0000	Yes	Community	Cemeteries	new	3 028	2 478	550									
Vote 6 - Infrastructure and Human Settlement		CONSTR OF TSHINGA-NJOMBIA (9000/4623/0000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	50	50	-									
Vote 6 - Infrastructure and Social Services		MIG:COMMUNITY HALL WARD 17;	9000/4631/0000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	714	714	-									
Vote 6 - Infrastructure and Human Settlement		MHLANGA ACCESS ROAD (E);	9000/4635/0000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	2 989	2 989	-									
Vote 1 - Executive and Council		ASSET: COUNCIL BUILDING NEW	9000/7000/9302	Yes	Other assets	Civic Land and Buildings	new	14 506	4 029	5 977									
Vote 1 - Executive and Council		ASSET: COUNCIL FURNITURE & O	9000/7000/9306	Yes	Other assets	Civic Land and Buildings	new	72	72	-									
Vote 1 - Executive and Council		ASSET: COUNCIL COMPUTERS AND	9000/7000/9307	Yes	Other assets	Computers - hardware/equipment	new	26	26	-									
Vote 1 - Executive and Council		ASSET: MANAQBUNT FURNITURE	9000/7001/9306	Yes	Other assets	Furniture and other office equipment	new	87	87	-									
Vote 1 - Executive and Council		ASSET: MANAQBUNT COMPUTERS	9000/7001/9307	Yes	Other assets	Computers - hardware/equipment	new	64	64	-									
Vote 5 - Community and Social Services		ASSET: WASTE MANAGEMENT GRAN	9000/7101/9314	Yes	Other assets	General vehicles	new	198	198	-									
Vote 3 - Budget and Treasury		ASSET: FINANCIAL SERVICES/CA	9000/7103/9206	Yes	Other assets	Computers - hardware/equipment	new	162	2	160									
Vote 3 - Budget and Treasury		ASSET: FINANCIAL SERVICES/FU	9000/7103/9306	Yes	Other assets	Furniture and other office equipment	new	626	198	428									
Vote 4 - EDTA		ASSET: PED FURNITURE & OFFI	9000/7200/9306	Yes	Other assets	Furniture and other office equipment	new	163	163	-									
Vote 4 - EDTA		ASSET: PED COMPUTERS AND CA	9000/7200/9307	Yes	Other assets	Computers - hardware/equipment	new	63	53	10									
Vote 5 - Community and Social Services		ASSET: COMMUNITY SERVICES/FU	9000/7300/9306	Yes	Other assets	Furniture and other office equipment	new	79	79	-									
Vote 5 - Community and Social Services		ASSET: TECHNICAL SERVICES/FU	9000/7601/9306	Yes	Other assets	Computers - hardware/equipment	new	58	58	-									
Vote 6 - Infrastructure and Human Settlement		ASSET: TECHNICAL SERVICES/CO	9000/7601/9307	Yes	Other assets	Computers - hardware/equipment	new	50	50	-									
Vote 2 - Corporate services		ASSET: CORPORATE SERVICES/FU	9000/7100/9306	Yes	Other assets	Furniture and other office equipment	new	486	86	50									
Vote 2 - Corporate services		ASSET: CORPORATE SERVICES/CO	9000/7100/9307	Yes	Other assets	Computers - hardware/equipment	new	1 315	133	832									
Vote 3 - Budget and Treasury		ASSET: FINANCIAL SERVICES/CO	9000/7103/9307	Yes	Other assets	Computers - hardware/equipment	new	126	76	50									
Vote 3 - Budget and Treasury		ASSET: FINANCIAL SFRV/ICES/VE	9000/7103/9304	Yes	Other assets	General vehicles	new	796	796	-									
Vote 5 - Community and Social Services		ASSET: COMMUNITY SERVICES/CO	9000/7300/9307	Yes	Other assets	Computers - hardware/equipment	new	41	-	-									

Total Capital expenditure														
Parent Capital expenditure														
1														
MKG: DOPRECHT PARK	9000/730/18338	Yes	Community	Parks & gardens	new	3 015	42	500	1 373	1 100	NEW			
ASSET: REFUSE REMOVAL, REFUSE	9000/750/18725	Yes	Other assets	General vehicles	new	2 114	2 114	3 580	—	—	NEW			
MKG: COMMUNITY HALL WARD 10;	9000/464/30000	Yes	Community	Community halls	new	3 580	3 580	3 596	—	—	NEW			
MKG : BARKNESS ACCESS ROAD;	9000/464/50000	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	3 196	1 849	1 347	1 347	NEW				
MKG: COMMUNITY HALL WARD 5;	9000/4706/00000	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	7 919	2 19	7 700	NEW					
ASSET: FBDO, STOCK FBV DEV, BLO	9000/7200/8342	Yes	Other assets	Plant & equipment	new	496	496	—	—	NEW				
ASSET: HERVAGE, HERTAGE	9000/7601/8020	Yes	Heritage assets	Other	new	59	59	—	—	NEW				
ASSET: TECHNICAL SERVICES, PA	9000/7601/8020	Yes	Other assets	Plant & equipment	new	563	563	—	—	NEW				
MKG GRANT /PAU EXPENDITURE, M	9000/7603/8343	Yes	infrastructure - Other	Other	new	92	—	—	—	NEW				
MKG: RWANTSAVA ACCESS ROAD;	9000/4603/0000	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	6 000	6 000	6 000	NEW					
MKG: LANDFILL SITE	9000/4603/0000	Yes	Other assets	Civic Land and Buildings	new	9 862	4 874	3 988	1 000	NEW				
HARRY GWALA HALL 2014;	9000/4633/0000	Yes	Intangibles	Computers - software & programming	new	470	300	400	NEW					
SOFTWARE AND SERVER ROOM SEC	9000/4634/0000	Yes	Other assets	Plant & equipment	new	200	200	200	NEW					
ASSET: FBDO, DRIVING TANKS	9000/7200/8341	Yes	Other assets	Other	new	1 200	1 200	336	NEW					
ASSET: CORPORATE SERVICES, CO	9000/7100/8319	Yes	Other assets	Computers - hardware/equipment	new	1 200	336	3 983	NEW					
NGURUKA ACCESS ROAD (E);	9000/4646/0000	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	3 983	3 983	4 632	NEW					
COMM HALL WARD 3;	9000/4648/0000	Yes	Community	Community halls	new	4 632	4 632	4 632	NEW					
ASSET: CORPORATE SERVICES, VE	9000/7100/8304	Yes	Other assets	General vehicles	new	1 800	800	1 000	NEW					
ASSET: WASTE MANAGEMENT GRA	9000/7101/8317	Yes	Other assets	General vehicles	new	300	300	300	NEW					
ASSET: COMMUNITY SERVICES, TR	9000/7300/8730	Yes	Other assets	Other	new	200	200	200	NEW					
ASSET: LICENCE AND PERMIT, P	9000/7600/8727	Yes	Other assets	Other	new	200	200	200	NEW					
ASSET: COMMUNITY SERVICES, AI	9000/7300/8308	Yes	Other assets	Furniture and other office equipment	new	240	240	240	NEW					
Plant & Equipment	9000/7100/8348	Yes	Other Assets	Plant & equipment	new	7 676	6 200	500	NEW					
MKG: Surfacing of Dorchester Internal roads, Ph	9000/7601/1000	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	400	400	400	NEW					
MKG: Surfacing of hdye internal roads Phase	9000/7601/1001	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	9 644	7 153	2 491	NEW					
MKG: Surfacing of Lady Frere Internal Roads	9000/7601/1002	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	8 158	4 691	5 187	NEW					
MKG : Branyayiboni to Bogo Access Roads	9000/7601/1003	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	10 158	8 158	2 000	NEW					
MKG : Rehabilitation of Streetlights in Lady Frere,	9000/7800/1000	Yes	infrastructure - Electricity	Street Lighting	new	6 820	2 765	4 055	NEW					
MKG: LED Shearing Shed	9000/7200/1000	Yes	Other assets	Other	new	4 000	1 041	1 758	1 200	NEW				
MKG: PARK DEVELOPMENT LADY FRERE	9000/7302/0000	Yes	Community	Parks & gardens	new	2 500	2 500	500	NEW					
ASSET: COMMUNITY SERVICES, PU	9000/7300/8308	Yes	Other assets	Furniture and other office equipment	new	200	200	200	NEW					
ASSET: CB, E/BR/ES, IND/WE CB, E	9000/7302/8728	Yes	Community	Cenoteries	new	500	500	500	NEW					
ASSET: TECHNICAL SERVICES, TRANSFORMER	9000/7801/00000	Yes	infrastructure - Electricity	Transmission & Reticalation	new	100	100	100	NEW					
ASSET: COMMUNITY SERVICES, GA	9000/7300/8347	Yes	Community	Other	new	300	300	300	NEW					
MKG: LADY FRERE MULTIPURPOSE CENTRE	9000/7300/1000	Yes	Other assets	Civic Land and Buildings	new	10 471	10 471	13 501	NEW					
MKG: IND/WE SPORTFIELD	9000/4700/0001	Yes	Community	Sportsfields & stadia	new	13 501	13 501	13 501	NEW					
DSRA C: DOPRECHT SPORTFIELD	9000/7300/0002	Yes	Community	Sportsfields & stadia	new	800	800	800	NEW					
MKG: Feed lot	9000/7300/0001	Yes	Other assets	Other	new	800	800	800	NEW					
MKG: Cacadu Ekt Access Road	9000/7601/1006	Yes	infrastructure - Road transport	Roads, Pavements & Bridges	new	9 958	9 958	5 000	NEW					
MKG: Bongolethu High Mast Lights	9000/7601/1007	Yes	infrastructure - Electricity	Street Lighting	new	5 000	5 000	5 000	NEW					

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (EC) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'														2016/17 Medium Term Revenue & Expenditure Framework			
R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
ASSETS																	
<u>Call investment deposits</u>																	
	Call deposits < 90 days			41 614	28 563		20 579	16 578	16 578	16 578	16 578	16 578	16 578	16 578			
	Other current investments > 90 days																
Total Call investment deposits			2	-	41 614	28 563	20 579	16 578	16 578	16 578	16 578	16 578	16 578	16 578	-	-	
<u>Consumer debtors</u>																	
	Consumer debtors		90 778	130 801	69 901	85 384	78 585	78 585	78 585	78 585	78 585	87 610	104 227	120 823			
	Less: Provision for debt impairment		(80 419)	(114 538)	(48 016)	(79 947)	(52 754)	(52 754)	(52 754)	(52 754)	(52 754)	(52 842)	(55 342)	(57 842)			
Total Consumer debtors			2	10 360	16 264	21 885	5 437	25 831	25 831	25 831	25 831	34 768	48 885	62 981			
<u>Debt impairment provision</u>																	
	Balance at the beginning of the year																
	Contributions to the provision		80 419	21 057	10 890	1 300	2 300	2 300	2 300	2 300	2 300	2 526	2 500	2 500			
	Bad debts written off				(77 412)												
Balance at end of year				80 419	114 538	48 016	79 947	50 316	50 316	50 316	50 316	52 842	55 342	57 842			
<u>Property, plant and equipment (PPE)</u>																	
	PPE at cost/valuation (excl. finance leases)		518 180	552 052	588 016	621 579	637 948	637 948	637 948	637 948	637 948	679 418	711 967	746 238			
	Leases recognised as PPE	3	1 014	606	662	-	678	678	678	678	678	678	678	678			
	Less: Accumulated depreciation		99 127	129 466	149 396	164 415	173 725	173 725	173 725	173 725	173 725	198 722	223 969	249 468			
Total Property, plant and equipment			2	420 067	423 192	439 281	457 164	464 901	464 901	464 901	464 901	481 374	488 676	497 448			
LIABILITIES																	
<u>Current liabilities - Borrowing</u>																	
	Short term loans (other than bank overdraft)																
	Current portion of long-term liabilities			311	263		250	250	250	250	250	210					
Total Current liabilities - Borrowing				-	311	263	-	250	250	250	250	210	-	-			
<u>Trade and other payables</u>																	
	Trade and other creditors		4 516	15 077	15 803	9 875	20 099	20 099	20 099	20 099	20 099	17 388	19 823	22 598			
	Unspent conditional transfers		7 225	1 801	349	-											
	VAT		(2 175)			-											
	Liabilities associated with Discontinued Operations				2 266												
Total Trade and other payables			2	9 567	16 879	18 418	9 875	20 099	20 099	20 099	20 099	17 388	19 823	22 598			
<u>Non current liabilities - Borrowing</u>																	
	Borrowing	4	-	-													
	Finance leases (including PPP asset element)		852	235	547	551	300	300	300	300	300	283	73				
Total Non current liabilities - Borrowing				852	235	547	551	300	300	300	300	283	73	-			
<u>Provisions - non-current</u>																	
	Retirement benefits		4 841	6 600	5 894	7 220	5 516	5 516	5 516	5 516	5 516	6 645	8 193	8 676			
	List other major provision items																
	Refuse landfill site rehabilitation		2 624	2 119	-	2 225											
Total Provisions - non-current				7 466	8 719	5 894	9 446	5 516	5 516	5 516	5 516	6 645	8 193	8 676			
CHANGES IN NET ASSETS																	
	Accumulated Surplus/(Deficit)		472 454	474 872	469 542	469 919	469 544	469 544	469 544	469 544	469 544	469 586	469 599	470 350			
	GRAP adjustments																
	Restated balance		472 454	474 872	469 542	469 919	469 544	469 544	469 544	469 544	469 544	469 586	469 599	470 350			
	Surplus/(Deficit)		2 658	(5 329)	(11 157)	1 194	42	42	42	42	42	13	751	649			
Accumulated Surplus/(Deficit)			1	475 112	469 543	458 385	471 114	469 586	469 586	469 586	469 586	469 599	470 350	471 000			
<u>Reserves</u>																	
	Housing Development Fund																
	Capital replacement																
	Self-insurance																
	Other reserves																
	Revaluation																
Total Reserves			2	-	-	-	-	-	-	-	-	-	-	-			
TOTAL COMMUNITY WEALTH/EQUITY			2	475 112	469 543	458 385	471 114	469 586	469 586	469 586	469 586	469 599	470 350	471 000			



1.19 Municipal Manager's quality certificate

I S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **Dr. SW VATALA**

Municipal Manager of Emalahleni Municipality

Signature

A handwritten signature in black ink, appearing to read 'SW Vatala', is written over a series of dots. The signature is enclosed in a large, thin, oval-shaped outline.

Date 26 May 2016